MPS CORPORATE RESPONSIBILITY

2023

Table of Contents

About MPS

Message from the CEO

Our journey of developing products that reduce the overall environmental impact and emissions started 26 years ago.

When I started MPS in 1997, I had a vision of creating a product that integrates the entire power system to a monolithic block, which reduces the discrete solution dimension. We fulfilled that vision, setting a new standard in power management. Our revenue growth story speaks for itself.

The reasons behind our past success remain true today: We design innovative and versatile solutions that improve power conversion efficiency and reduce material consumption. These solutions are simple to use and cost less. They make it possible for our customers to build great products, and still lessen their own environmental impact and meet sustainability goals.

We continue to defy industry expectations. And demand for our products has never been higher.

We have also spent the past year working on our own commitments to operate more sustainably and create long-term value for our stockholders. This means reducing our environmental footprint and emissions, and working together with our employees and suppliers to make sure we are all operating responsibly.

We have made great progress. But we aren't stopping there.

We will continue on that same journey, constantly pushing our technologies to allow our customers to do more and go further, while working to make a positive impact in our own operations, in our communities, and on our Earth.

Michael Hsing
CEO

ESG Report
May 2023

2022 Overview

Kirkland
San Jose
Phoenix
Livonia
Durham

Ettenheim
Paris
Tolochenaz
Barcelona
Ottobrunn
Budapest
Milan

Beijing
Shanghai
Seoul
Tokyo
Hangzhou
Chengdu
Taipei
Shenzhen

Bangalore
Singapore

- Offices
- EMC Labs
- R&D Center
- Testing Facility

Founded in
1997
in San Jose - California IPO
in 2004 (NASDAQ: MPWR)

Number of Products
4,000+

Revenue
$1.79B

Employees Worldwide
3,300+

Female
41%

Minority Workforce (U.S. only)
68%

- 23% Storage and Computing
- 18% Consumer
- 18% Automotive
- 15% Enterprise Data
- 14% Communications
- 12% Industrial/Other

ESG Report
May 2023
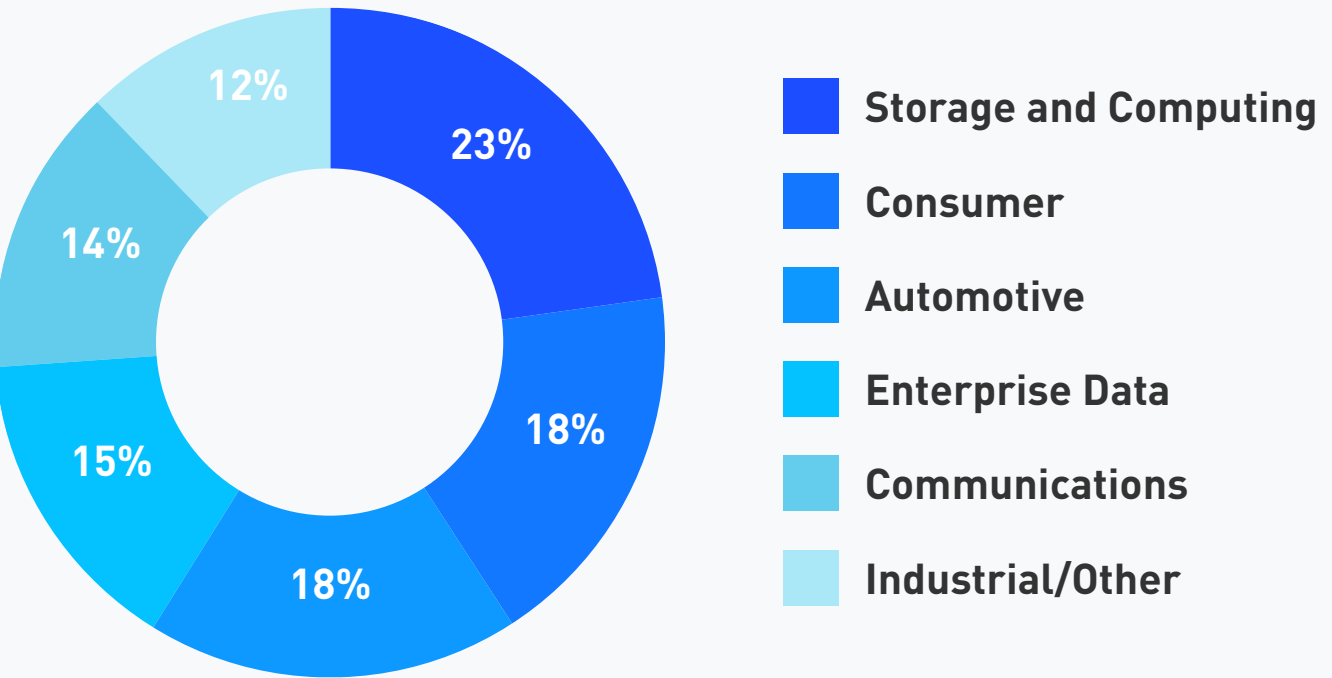
Our products

At MPS, we develop technology for a more sustainable planet by designing small, ultra-efficient, easy-to-use power management solutions. We invest in the research and thorough testing to offer increasingly efficient and reliable ways to power state-of-the-art technology. The market is hungry for ever-greener power solutions, and we are ambitious and boundary-breaking in our journey to answer the demand.

Powering & Enabling

AC/DC Power Supply	Accessories	Automotive	Computing	Consumer Electronics	Data Center	Data Storage	E-Mobility	Energy Storage

Industrial	LED Lighting & Illumination	Medical Devices	Mobile & Wearable	Motion Control, Sensing & Robotics	Printers & Scanners	Smart Home/Building	Telecom & Datacom Ifrastructure	White Goods

Environment

We recognize the impact of climate change and our company's contribution

We understand that as a business, we must prepare for the wide range of climate change related risks with potentially damaging consequences to our environment, economy and society. We recognize that higher global temperatures have led to more frequent and severe weather events, including droughts, heatwaves, wildfires, severe flooding and hurricanes.

Some of our operations are based in regions with more frequent severe weather events. An extreme weather event could result in physical damage to buildings and equipment. It could also mean long power outages and reduced access to clean and safe water. These would invariably impact our employees' safety, their availability and physical ability to come to work or safely conduct business. Further risks are the potential disruption to our supply chain and ability to source materials. We have developed a business continuity plan to help us prepare for such events. We recognize that both our customers and suppliers also face these same risks.

We have a global physical footprint with facilities in North America, Asia and Europe, and we employ more than 3,000 people worldwide. Our operations use land, energy, materials, water and generate waste, all of which contribute to climate change. As a fabless company, our largest environmental impact comes from the energy used to run our operations. However, our supply chain, while not part of our direct operations, accounts for the largest part of our environmental footprint. This includes mining, the processing of raw materials by foundries, manufacturing and the shipping of our products.

In this chapter we outline the processes we have in place to manage and quantify our environmental impact, our goals to reduce them, and our business continuity plan.

Key policies that govern our environmental impact:

Environmental and Climate Change Policy

ISO 14001 Environmental Management

ISO 45001 Occupational Health and Safety Management System

ISO 9001 Quality Management System

ESG Report
May 2023

MPS Chengdu, China
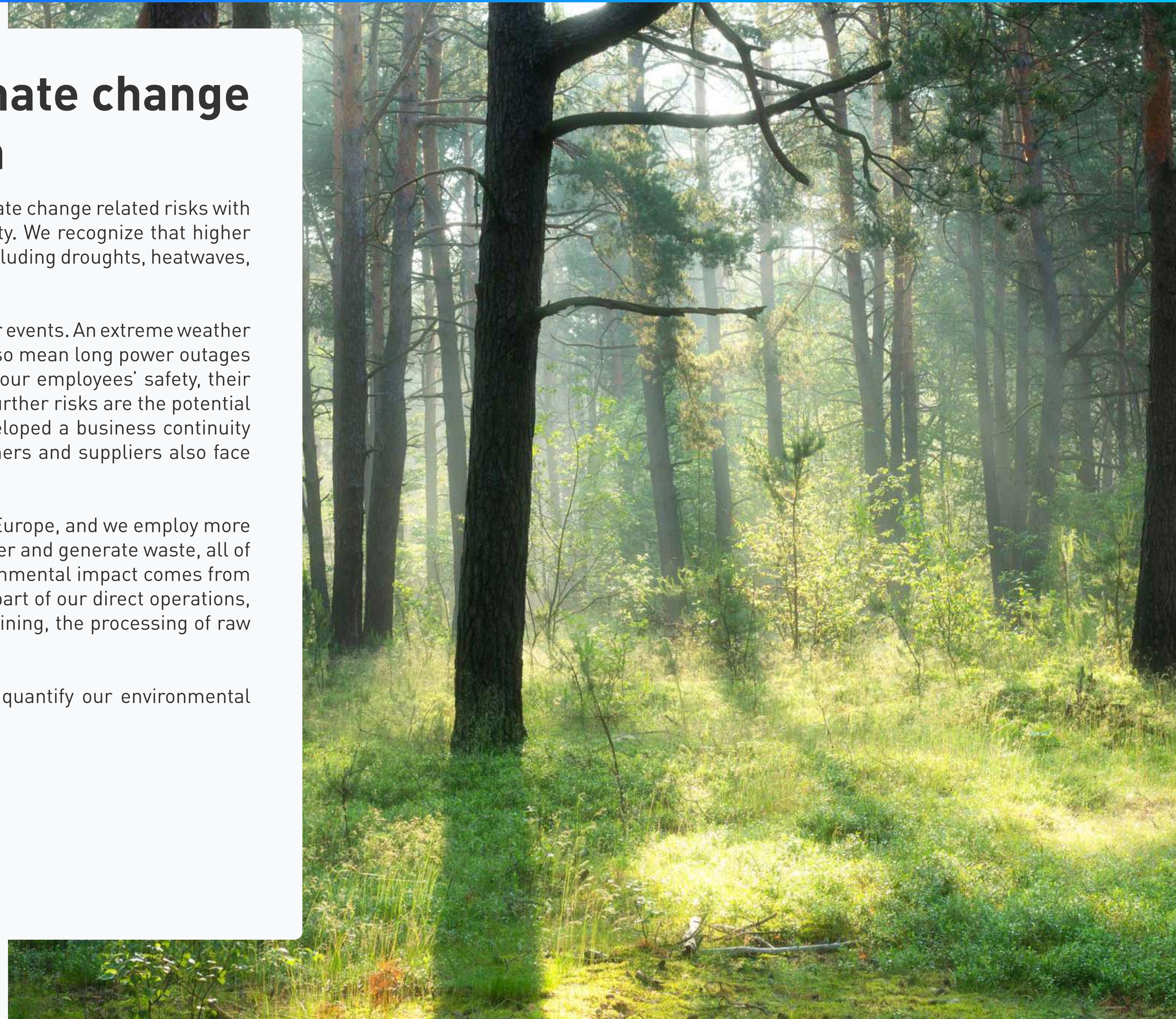
We actively work to improve and reduce our environmental impact

Our Environmental Management System (EMS) is an overarching framework we use to monitor our environmental stewardship. It is designed to prevent pollution and ensure compliance with all applicable global and local environmental requirements. It includes records, data and targets that we establish and it tracks our use of energy, electricity and water, as well as waste disposal. We also use our EMS to manage environmental risks and for hazardous materials training.

It is based on globally accepted best practices, including those recommended by the Responsible Business Alliance (RBA), a trade organization focused on responsible business conduct, and with whom we maintain a membership. It is further supported by our Environment and Climate Change Policy. Our EMS is compliant with relevant international standards including ISO 14001, 45001 and 9001.

Our largest testing facilities in Chengdu, China are ISO14001, and ISO45001 certified and are audited annually. This audit includes an extensive environmental risk analysis, which we use as a basis for improving our processes. We believe that compliance with these standards helps us prevent work-related injuries and health issues.

We require our own suppliers to comply with our EMS, and the contained legal and ISO 14001 requirements. Through our EMS, we ensure our products are shipped in compliance with the European Restriction of Hazardous Substances(ROHS) directive and exclude banned substances such as BFRs, PVC, phthalates, beryllium, arsenic, and antimony.

We have clear Environmental Health and Safety procedures

Our Environmental, Health and Safety policy is part of our broader EMS. It ensures that we comply with all personal and workplace safety laws and regulations, including local regulatory requirements.

We manage potentially harmful chemicals or hazardous materials, which we track through our EMS. Our EHS procedures cover legal requirements for handling and disposing of (or recycling) special substances and materials. It also includes enhanced ventilation requirements for maintaining a safe workplace.

We maintain and update data on specific substances that are banned or restricted, as required by various oversight organizations. Specific hazardous waste policies are further described in our Code of Social Responsibility and our Supplier Code of Conduct.

All employees handling and/or managing hazardous materials and waste are trained in accordance with federal, state and local regulatory requirements.

Our procedures have clear personal protective equipment (PPE) guidance. New employees are trained on the importance of proper PPE use and disposal. Local supervisors carry out periodic inspections to ensure PPE is adequate and properly fitted. When new equipment, testing procedures, chemicals or hazardous materials are introduced, the local EHS team is responsible for determining which PPE items will be required and updating procedures accordingly.

MPS Lab Technician, San Jose, USA
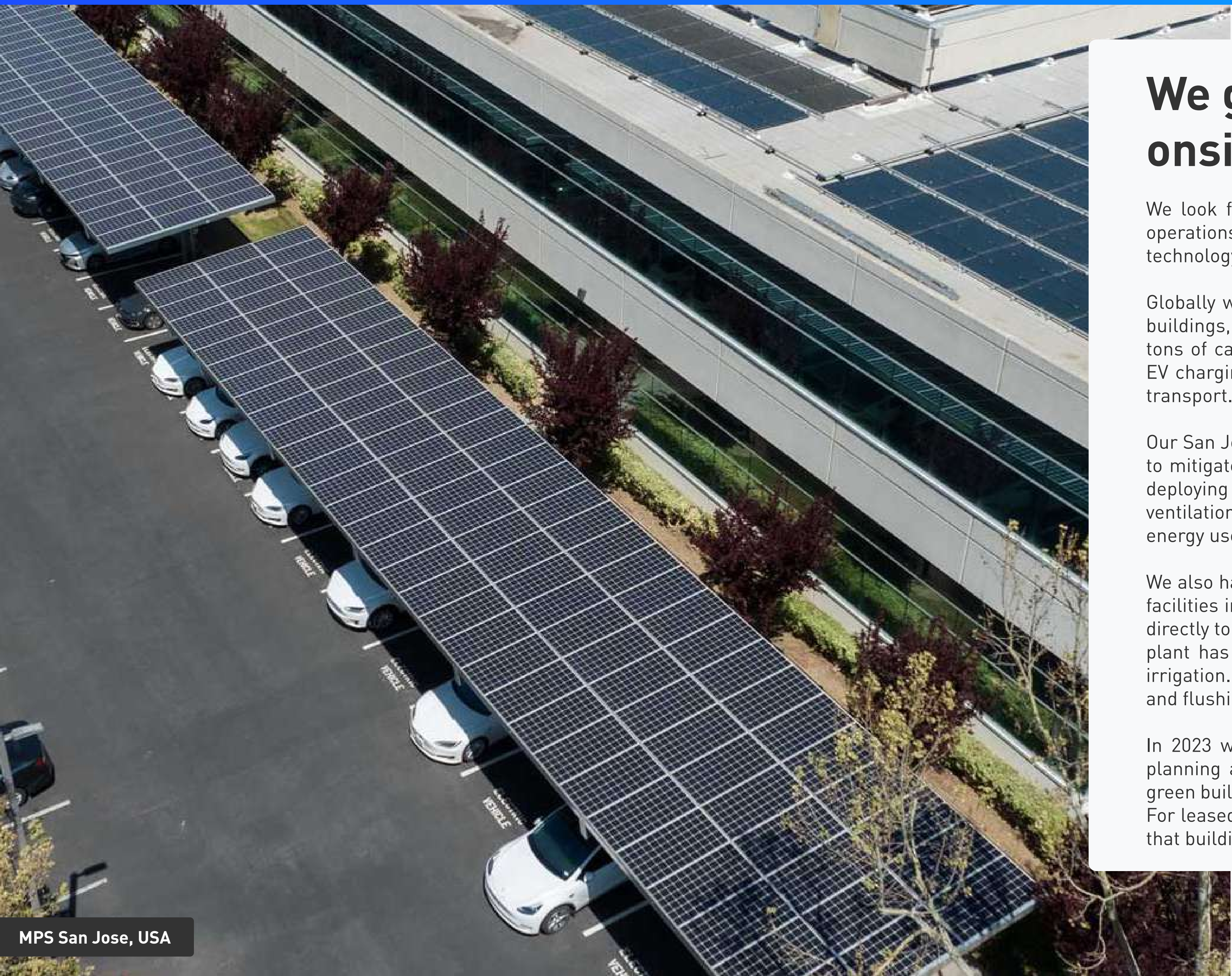
We generated nearly 600 MWh onsite solar power

We look for opportunities to minimize the environmental impact of our operations and facilities, by leveraging energy efficiency and clean energy technology.

Globally we have almost 33,500 square feet of solar panel installed on our buildings, which generated 579 megawatt hours (MWh), with 137 metric tons of carbon dioxide equivalent (MTCO2e) savings in 2022. We have 59 EV charging stations available to employees supporting cleaner mode of transport.

Our San Jose facility in California has installed a solar powered micro-grid to mitigate peak power demand and power outages. We are investigating deploying more of these across our operations. We use LED lighting, heating, ventilation and air conditioning and lighting controls to further minimize our energy use.

We also have water conservation plans in place. For example, our German facilities include drainage systems that enable rainwater retention to flow directly to the soil rather than to storm drains. In China, our newest testing plant has a rainwater recycling system directly linked to our landscape irrigation. We have also installed water-efficient, sensor-activated faucets and flushing mechanisms in the restrooms of some of our offices.

In 2023 we are launching a number of sustainability initiatives. We are planning a global green procurement strategy. We will also introduce a green building strategy for new buildings, based on global LEED standards. For leased facilities, we will develop preliminary sustainably requirements that buildings must meet to be shortlisted.

MPS San Jose, USA

We are investing in ESG data management software

In 2023 we are deploying Metrio, an ESG software package, to support the data management required for our ESG initiatives. It will improve the accuracy and auditability of our documentation and data and will be incorporated globally.

We will use it to gather and access relevant data across our entire ESG program, which will simplify and centralize data collection and management. We can also use it to generate reports and required data sets, which will help use reduce the associated regulatory burden.

One of Metrio's key functions will be centralizing and managing our greenhouse gas (GHG) emissions inventory. It will also support the future evaluation and reporting of our supply chain emissions inventory.

The platform will help provide detailed and data-supported reporting on our ESG initiatives. This information will help us report progress towards our goals and promote accountability across the enterprise.

MPS Employee, San Jose, USA

MPS Chengdu, China
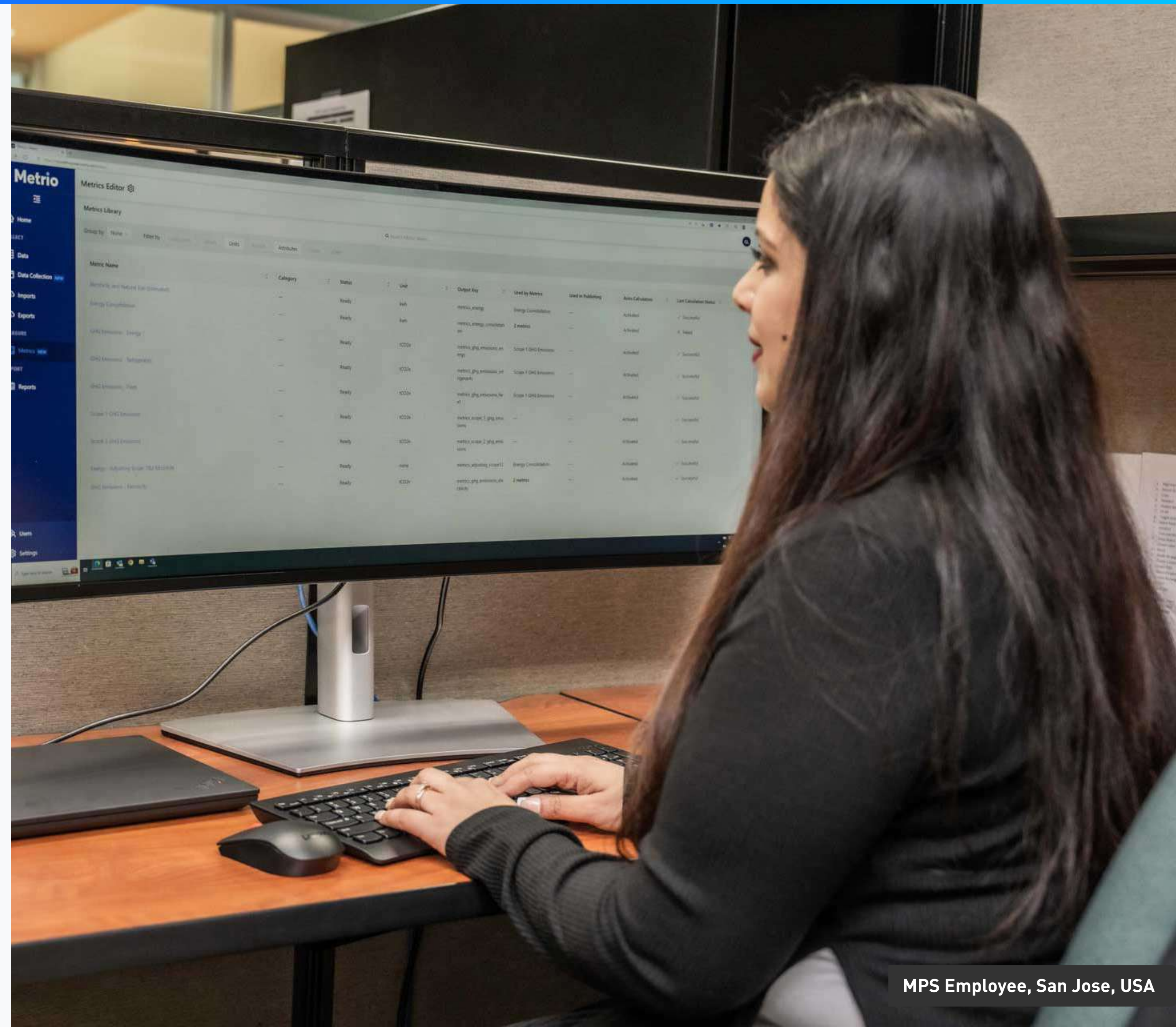
We set a goal to reduce our GHG emissions

We have set goals to reduce our absolute GHG emissions by 40% by 2030 against our baseline in 2022. Our short-term target is to reduce our GHG emissions by 25% by 2026 against that baseline.

We are also setting a target to be powered by 75% renewable electricity across our global operations by 2026.

We will report our progress against these targets annually.

How we will get there:

We use refrigerant gases in our cooling system to maintain a temperature-controlled testing environment. We plan to reduce these emissions by improving our testing procedures, cooling systems and our maintenance procedures. When purchasing or leasing new equipment and tools that use refrigerants, we will prioritize those with a lower global warming potential.

The majority of our emissions comes from the electricity required for our global operations. We intend to reduce these emissions by increasing the energy efficiency of our manufacturing systems, buildings, and tools. We will also increasingly procure renewable energy in the markets where we operate.

MPS WILL REDUCE ITS GHG EMISSIONS BY 40% BY 2030 COMPARED WITH 2022

MPS Chengdu, China

MPS OPERATIONS WILL BE POWERED BY
75% RENEWABLE ELECTRICITY BY 2026

MPS Ettenheim, Germany

We are measuring and tracking our GHG emissions

While many of our products improve energy efficiency for our customers, we know that we need to reduce our own greenhouse gas emissions. In order to achieve that goal, we must first be able to quantify our impact.

We have taken steps to ensure transparency and data verification. In the last year, we have updated our GHG inventory methodology to follow the standards developed by the World Resources Institute and World Business Council for Sustainable Development's GHG Protocol. We will update and report our GHG inventory annually.

The Greenhouse Gas Protocol requires us to clearly define boundaries for the purpose of establishing responsibility for emissions. We have set our boundaries to include our operations over which we have control. Per these requirements, we identify, collect, and account for GHG emissions from these sources. Our facilities are a mix of large and small offices, research and development labs, testing facilities and warehouses.

This year marks the inaugural reporting our global GHG emissions inventory. It covers our direct emissions from resources we own and control, known as Scope 1, and the indirect emissions associated with the electricity we use, known as Scope 2. Our inventory has been verified by a third-party expert. The Assurance Statement is available in Appendix 1.

In 2022, business revenue grew by 49%, which accounts for most of the increase in our electricity demand. We experienced a major expansion, with a ramping up of existing facilities capacity and the opening of a new testing site in Asia. Our Scope 2 GHG emissions come mostly from electricity used, while our largest source of Scope 1 emissions is from refrigerants.

2022 Scope 1 & 2 GHG Emissions

13%
**29,403
MTCO2e**
87%

■ Scope 1   ■ Scope 2

2021 Scope 1 & 2 GHG Emissions

9%
**18,576
MTCO2e**
91%
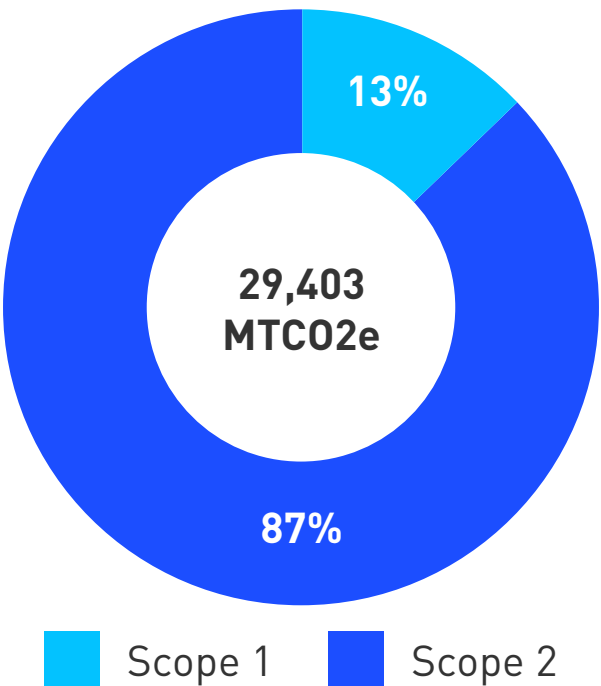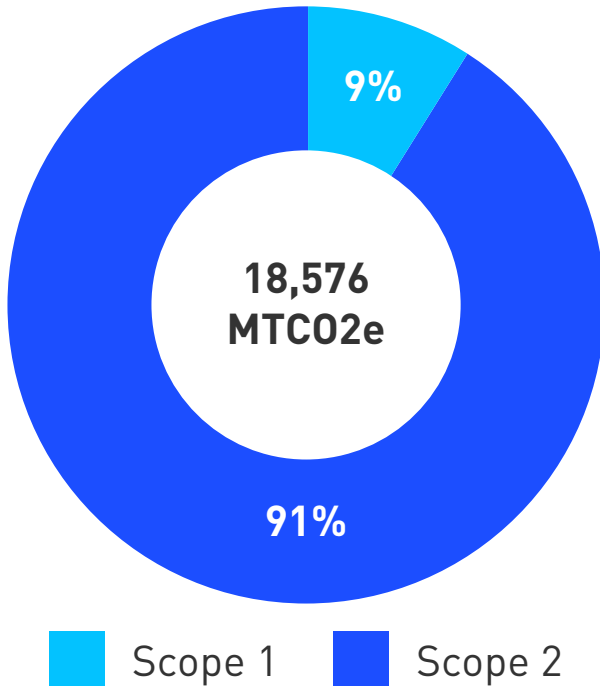
■ Scope 1   ■ Scope 2

Total GHG emissions

	2020*	2021	2022
Total GHG emissions	13,557	18,576	29,403
Scope 1	45	1,609	3,835
Scope 2 (Market)	13,512	16,967	25,567
Intensity (MTCO2e / Million dollars revenue)**	16.1	15.3	16.5

* Emissions reported only for Chengdu (China) facilities, using a different methodology
** Metric tons carbon dioxide equivalent

We are measuring and tracking our energy use

In 2022, our business growth, and the expansion of our testing capacity drove the increase in our energy use. Our facilities in China, where a large portion of our operations are located, accounted for 85% of our global energy use.

All of our electricity, which accounted for 83% of our global energy consumption, was supplied by local grid networks. As of November 2022, we updated our utilities contracts for our US-based facilities to specifically purchase renewable electricity. This means that in 2023, 100% of our US operations will be powered by renewable electricity. We will be working on establishing similar contracts in other locations where available.

In 2023, we will be identifying energy efficiency opportunities and developing implementation strategies. We will use our recently established global energy usage baseline to measure energy efficiency improvements.

2022 Energy Use

16%
2%
82%

Electricity: Renewable   Fuel   Electricity: Non-Renewable

2022 Energy by Region

0.01%
15%
85%

Europe   Americas   Asia
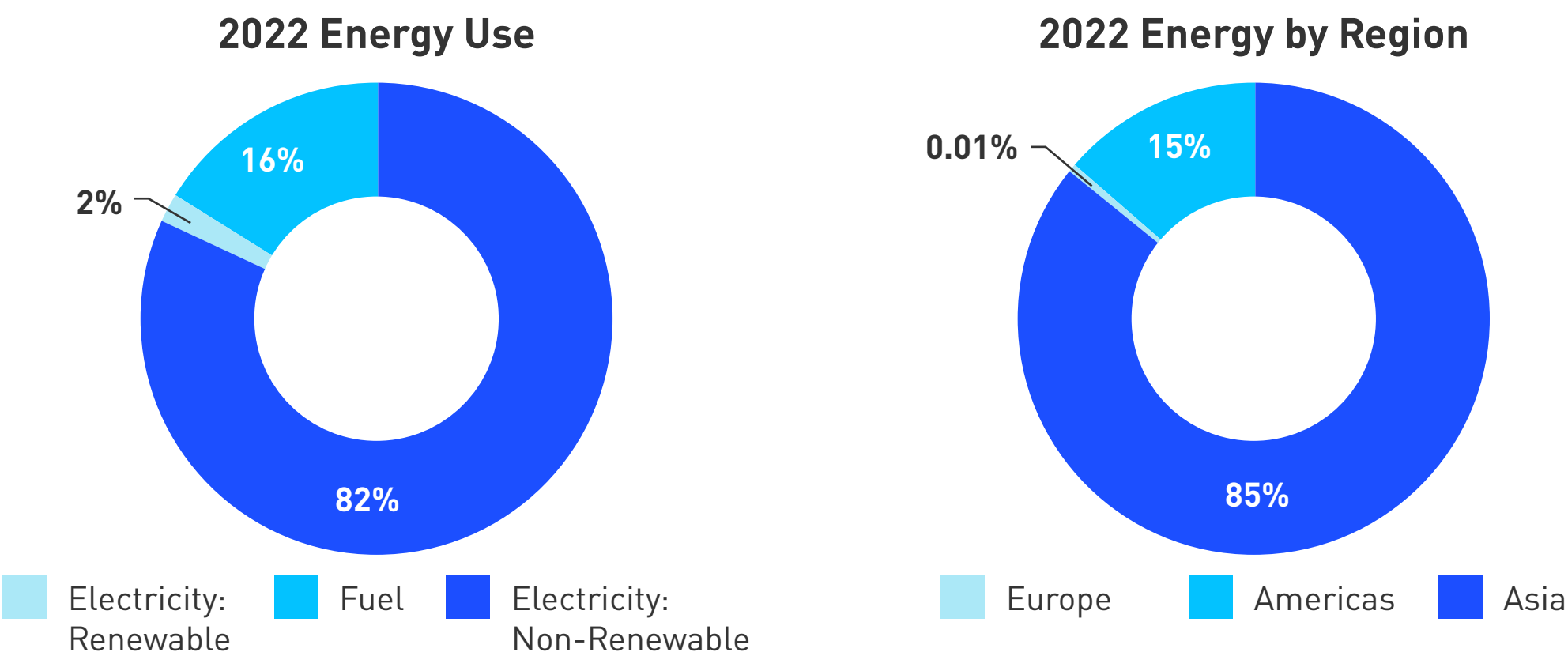
Total Energy Use MWh

	2020*	2021	2022
Total Energy Use	16,869	32,852	51,344
Fuel	186	4,074	7,996
Electricity	16,683	28,778	43,348
Intensity MWH/Million Dollar Revenue	20	27.2	28.6

* 2020 Data only accounts for our Facilities in Chengdu, China. 2021 and 2022 data are global.

We are measuring and tracking our waste and water use

We continually look for ways to minimize waste generation, most of which is produced at our testing facilities. Our local facilities have established recycling programs, both for municipal solid waste (MSW) and hazardous waste to minimize landfilling, where these options exist. We produced 565 metric tons of waste globally, 86% of which was recycled.

We categorize our hazardous waste into categories, a third of which are being recycled. Looking forward, we are focused on recycling more of our hazardous waste. We will work closely with our current waste contractors to identify available options. We are setting a 2026 goal of recycling 80% of our hazardous waste categories. For 2022, our waste intensity was 0.32 metric tons of waste/ million dollars revenue, a 23% reduction compared with 2021.

Our Water use

Water scarcity risks are periodically assessed as part of our EMS program. Our team uses the World Resource Institute's Aqueduct Water Risk Atlas to assess our regional water risks. As of 2022, the majority of our operations are located in regions that are currently classified as low water scarcity risk.

Our larger testing facilities are responsible for 80% of our water use. We monitor our water use monthly. If the data reflects any unusual usage patterns, our EHS team investigates the root cause and implements a remediation plan.

2021 Global Waste Produced

492 Metric Tons

2% · 15% · 83%
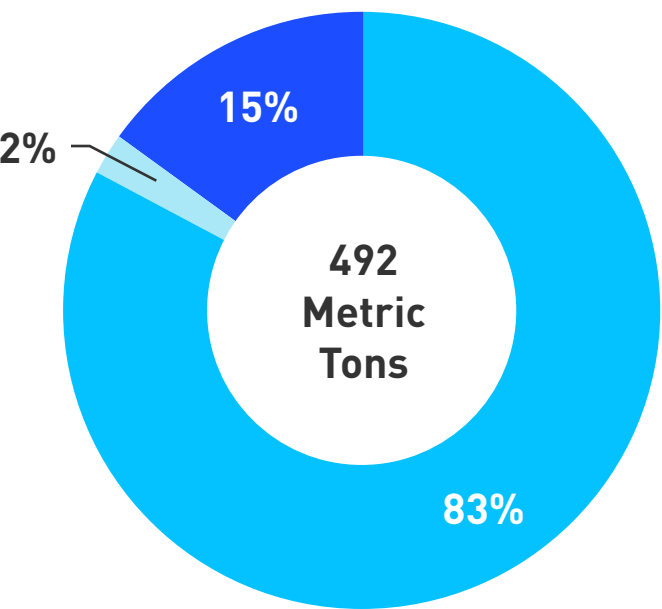
2022 Global Waste Produced

565 Metric Tons

1% · 13% · 86%
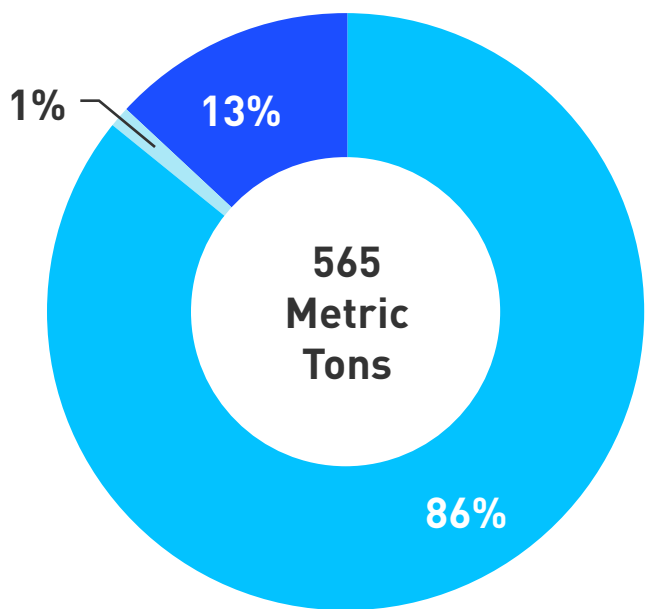
■ Landfilled   ■ Recycled   ■ Hazardous

Hazardous Waste by Regions

2022	Rest of the World	USA
2021	Rest of the World	USA

0 1 2 3 4 5 6 7 8

Metric Tons
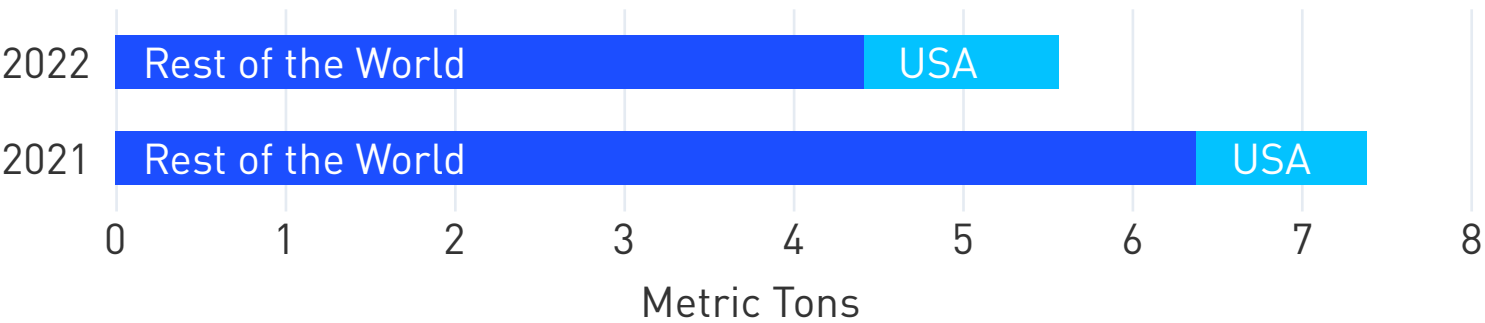
Total Water Use Mega-liters

	2020*	2021	2022
Water	24	69	82
Water Megaliter/ Million dollar revenue	0.036	0.029	0.06

* 2020 Data only accounts for our Facilities in Chengdu, China. 2021 and 2022 data are global.

Our ESG Steering Committee manages risk reduction strategies

We created an ESG Steering Committee to provide direct responsibility and accountability for our efforts. It oversaw our process for establishing environmental impact baselines, from which we developed the reduction targets in this report. This committee will track the progress on our GHG emissions reductions, and our efforts to increase renewable energy use and recycle more hazardous waste.

The ESG Steering Committee reviews projects that will have additional sustainability requirements given our goals, such as the expansion of MPS facilities. The committee reviews the projects to ensure they meet our sustainability and ESG objectives.

The ESG Steering Committee reports to our Board and its designated committees, which oversee various aspects of our ESG practices, policies, and performance.

We have tied environmental-related risks and opportunities to management compensation, solidifying executive accountability for these initiatives. It ensures that all MPS environmental goals will be measured and assessed, with tangible results expected.

MPS Employees, San Jose, USA

MPS Chengdu, China

We plan for business continuity in the face of climate events

This report focuses on making our business more sustainable, and we recognize the unpredictable nature of climate events. We have strategies in place to ensure business continuity, should such an event occur that directly impacts our operations.

We recognize that concentrated R&D and manufacturing in any one country could have an outsized impact on our business. Part of our ongoing strategy to diversify our operations in addition to China will also help us mitigate the risk of climate events. We have added new R&D facilities in Europe, the U.S. and Taiwan. We now also have manufacturing facilities in other parts of Asia outside of China. These facilities help diversify our risk in the case of an unexpected event.

We also have an IT recovery strategy, which ensures sensitive and critical business operations can function, should an unexpected event take place.

The strategy identifies key personnel in case of emergency. It includes off-site data back-up sites and specifies strategies depending on the triggering event and whether it includes loss of access to power or offices.

Our Board, under the Nominating and Governance Committee, periodically reassesses business continuity risks.

ENVIRONMENT

Product Efficiency
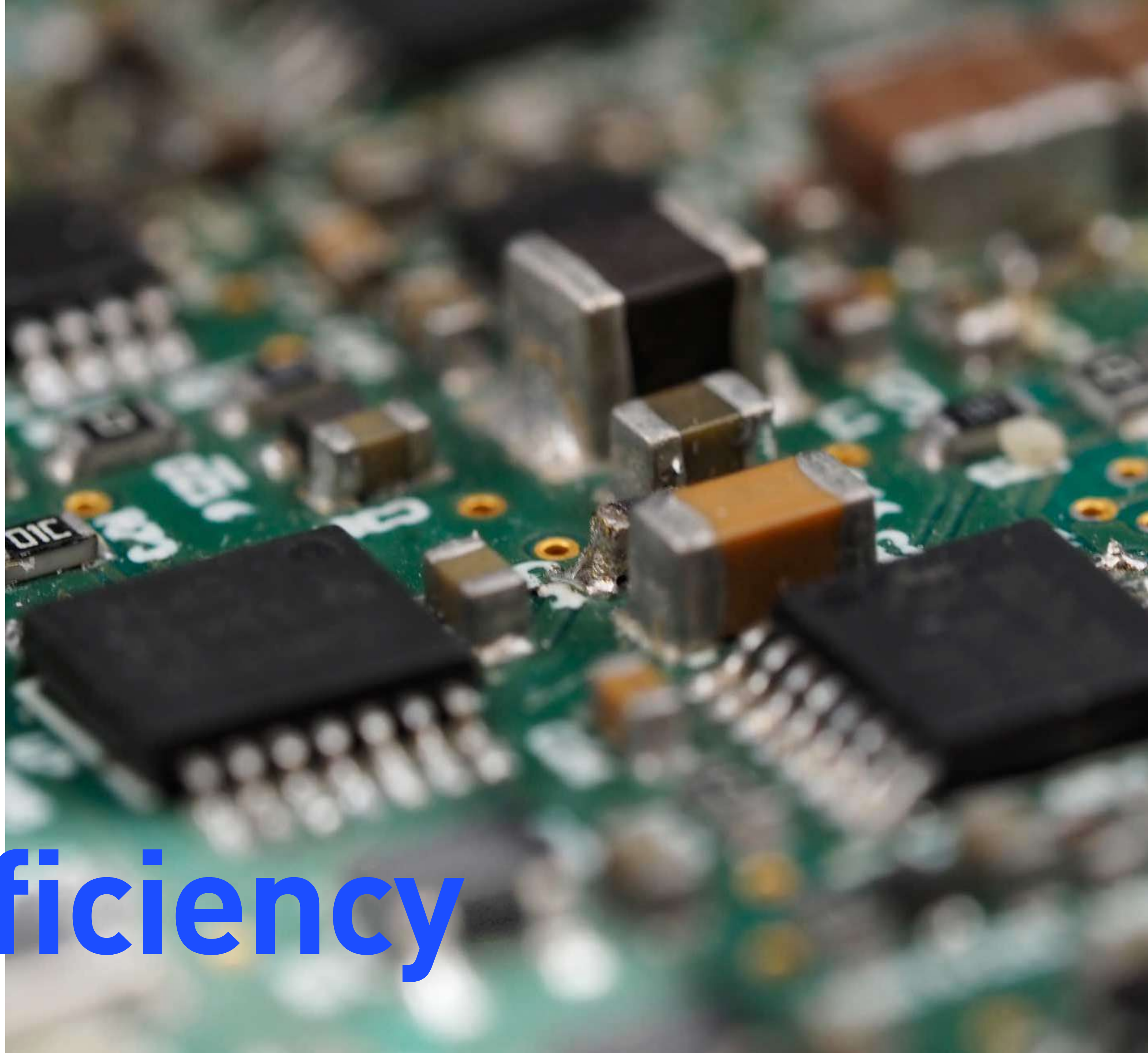
We invest in eco-efficiency through technology

Our primary mission is to develop energy efficient products that better utilize the world's natural resources, as outlined in our Environmental Policy.

We do so by developing power solutions that constantly push boundaries, so that we can offer some of the highest power density solutions in the industry. Improving a given product's performance and energy efficiency remains a priority throughout product research and development, and in our subsequent design processes. We aim to make every new product generation more energy efficient than the last.

In doing so, we hope to help customers reach their own sustainability goals. The positive impacts of our innovation are tangible. Our solutions are found in many applications, including electric vehicles, renewable energy infrastructure, data centers and factory automation.

Our substantial investment in research and development helps drives these results. Our three-year average R&D investment-to-sales ratio was 15.2%, significantly higher than our global semiconductor industry competitors whose average R&D spend is 13.1% as of 2021.

ESG Report
May 2023

MPS Engineer, San Jose, USA
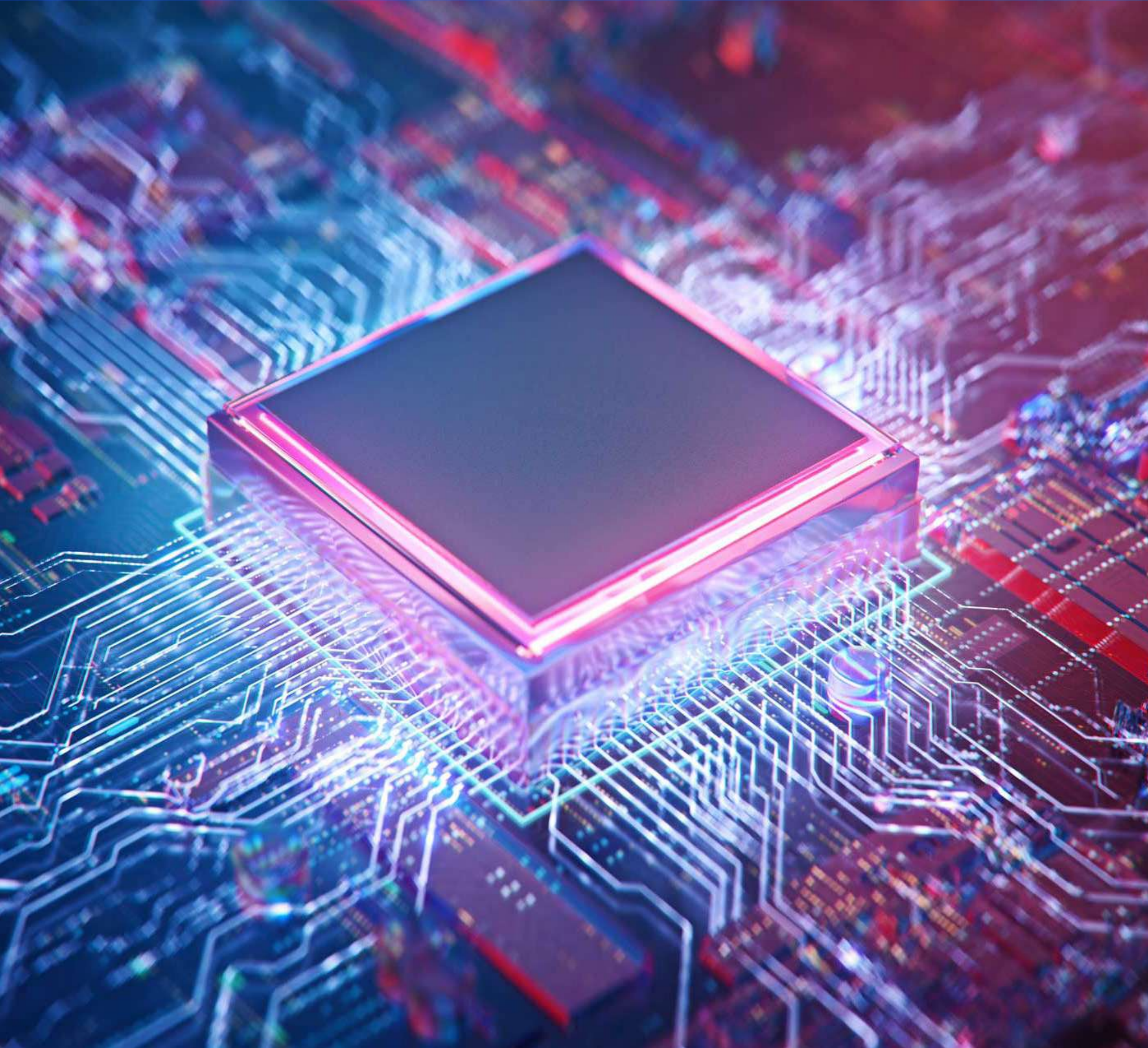
We are enabling the next generation of data centers

For the first time, we are announcing a power density improvement target for our data center power solutions. Our innovative design is more compact, reducing power distribution losses. These savings translate into data centers increasing the computing capacity that can be stored in a given rack.

Current data center market solutions for artificial intelligence applications deliver power density up to 40 kW per rack. Our goal is to make a power density solution delivering 120 kW per rack commercially available by 2027. We believe that others are on track to offer solutions up to 100 kW per rack in the coming years.

We will achieve this solution through innovative power architecture. Our power conversion technology creates a smaller footprint on the motherboard than competitor solutions. The design brings all the processors closer together, enabling more computing power in a smaller space. It includes better heat removal from the servers through liquid cooling, making such a large power increase per rack feasible.

The smaller footprint (and resulting energy savings) allows our customers to run much more powerful computers in their current data centers.

We have focused on power density improvements for data centers, because they face significantly larger power requirements for new computing applications like artificial intelligence. The innovations that enable more power density will mean fewer electricity losses, which lowers data centers' overall operational costs, total costs per compute output, and carbon footprint. It also minimizes a data center's physical footprint by reducing the number of racks.

Our processor technology makes many products greener

Electric Vehicles

Our high-voltage converters maximize power conversion efficiency, making them ideal for maximizing the power use of electric vehicles. Our intelligent digital power products simplify the system designs, which results in a smaller component footprint, making more power available for the motor.

LED Controller and Driver Solutions

Our portfolio of LED and WLED drivers and controllers use proprietary technology to integrate passive components, such as inductors and capacitors, to shrink board space and reduce components, which improves energy efficiency and extends the life of a light.

Solar Power

Our portfolio of products is designed to increase power output of solar arrays by reducing switching losses and optimizing efficiency, thereby converting more sunlight into usable energy.

Notebook Solutions

Our digital power solutions for computer notebooks give them more battery life, better processing performance, and less power consumption. We do so by utilizing high switching frequencies that are more efficient and reduce board space by up to 70%.

Smart Home and Building Solutions

Our power-saving products are used in numerous smart-home and building applications, such as HVAC systems, electric and gas meters, home remote controls. Our integrated solutions run efficiently, allowing households and businesses access to accurate, real-time monitoring of energy or water consumption.

Data Center

Our power solutions increase computing power in data center. Our innovative power architecture approach allows each rack to receive more power, and reduces power distribution losses to the servers, saving both energy and money.

Social

SOCIAL

Our People

Our culture is one of innovation and empowering people

MPS is a leader in the semiconductor industry, offering some of the world's best solutions in power density and energy efficiency.

Innovation is at the heart of our business. This means bringing the best minds into our labs and offices, providing state-of-the-art equipment and professional development, and rewarding them generously for their work.

We recognize that quality products come from long-term investments and relationships, and we reflect this in our human capital strategy. We invest time and energy in ensuring that we have responsible work practices and a welcoming environment.

Our success enables us to give back to our communities. We do so through the MPS Foundation and our academic partnerships.

Code of Social Responsibility

Code of Ethics and Business Conduct

Diversity, Equity and Inclusion Policy

MPS Employees, San Jose, USA

We invest in talent development

We invest in the professional growth of our employees. They are encouraged to map out their own career paths, with manager support. We provide extensive on-the-job training and foster a culture of collaboration so that our employees learn from some of the most talented people in the industry.

MPS offer rewards for long-term expertise, with phased incentives for increasing responsibility. We have found that these benefits provide motivation and produce upward mobility for our employees. Most of our management comes from internal promotions.

Our engineers, designers, and other professionals need to keep current on the latest developments within their expertise, as well as new ideas. For this reason, we have a broad offering of live and on-demand learning experiences. This library provides our employees with the opportunity to explore their interests and sharpen their skills through workshops, panel discussions, and speaker-based forums.

We subsidize certain advanced technical education programs and online technical certifications.

MPS Employees, Chengdu, China

MPS Employees, San Jose, USA

Leadership development is a company priority

Leadership development is central to the success of our business. We prioritize developing top talent from inside the company to become the next generation of company leaders. To do so, we provide active mentoring, leadership training and development opportunities for our entry-level and managerial staff.

Women make up nearly half of our management level staff and are an important part of our leadership. We want to build further on this track record of gender inclusion for both our engineering staff and in our future leaders.

We look for additional ways to mentor and encourage future leaders. We do so by actively participating in industry organizations, including the Institute of Electrical and Electronics Engineers (IEEE). We also provide industry mentoring and support at the university level.

We are launching a new learning management system

This year, we allocated resources for and launched a new learning management system, Cornerstone, as a flexible learning tool.

This new platform offers a standard suite of training materials, on topics including business and leadership skills, ethical standards, IT security, and career development.

Our teams can use Cornerstone to plan their own role-specific training programs, including those on our latest technologies. Employees can also use it to self-identify skills and interests they want to develop. Managers can choose additional suitable team training options, including project management and leadership training.

The platform in-house training library function can be used to develop and document MPS technical expertise and employee innovations. It can be used to document our internal institutional expertise, making it permanently available to teach new hires and management. It also ensures that we are safeguarding our legacy knowledge.

This new learning management tool makes it easy for managers and HR to ensure all employees are receiving compliance training on a consistent basis.

Culture and Compliance:

✔ Health & Safety   ✔ Cyber security

✔ Harassment   ✔ Unconscious Bias

✔ Corporate Responsibility / Sustainability   ✔ Diversity Inclusion

ESG Report
May 2023

MPS Employees, Detroit, USA

MPS Employees, San Jose, USA

Our workplaces welcome employees of all backgrounds

Our employees come from a diverse range of backgrounds across the globe. We want to make sure we are providing an inclusive workplace for them. In 2022, more than two-thirds of our employees self-identified as non-Caucasian. We have been successful in recruiting more women, who now make up 41% of our global workforce.

We do not tolerate discrimination of any kind and have adopted policies for reporting concerns or violations. Our Diversity, Equity and Inclusion Policy explains how we encourage and support a culture of teamwork, fairness and tolerance. This year we delivered training on unconscious bias for company leaders and other decision-makers. The course targeted our US-based managers, 84% of whom have completed the training. The course will be rolled out globally and repeated annually.

Our recruitment focuses on attracting, retaining, and developing a broad range of top talent. This includes taking steps to provide hiring managers with a set of candidates that includes historically underrepresented groups in technological fields. We use job posting forums such as workplacediversity.com to support that effort.

We also support increasing diversity in engineering. We are helping by encouraging the next generation of engineers through mentoring programs and related community involvement focused on reaching underrepresented groups in STEM.

Workforce diversity metrics

Worldwide Turnover by Gender and Age

	2018	**2019**	**2020**	**2021**	**2022**
Total Company	13%	10%	10%	16%	13%
Male	13%	8%	9%	15%	12%
Female	12%	14%	12%	17%	15%
Age 18 - 25	49%	36%	39%	48%	17%
Age 26 - 35	15%	11%	10%	17%	15%
Age 36 - 45	4%	3%	3%	8%	10%
Age 45+	8%	7%	5%	4%	8%

Worldwide Headcount by Gender and Age

	2018	**2019**	**2020**	**2021**	**2022**
Ending Head Count	1,745	2,004	2,207	2,770	3,323
Male	1,040	1,212	1,323	1,603	1,947
Female	705	792	884	1,167	1,376
Age 18 - 25	110	166	186	347	404
Age 26 - 35	925	1,093	1,249	1,572	1,856
Age 36 - 45	475	504	518	566	705
Age 45+	235	241	254	285	358

Workforce diversity metrics

U.S. Employee Population Racial/Ethnic Diversity

	2018	2019	2020	2021	2022
Hispanic or Latino	3%	3%	3%	3.9%	4%
White	27%	25%	23%	29%	31%
Black or African American	1%	1%	1%	1%	1%
Native Hawaiian or Pacific Islander	1%	0%	0%	0%	0%
Asian	67%	68%	70%	65%	63%
American Indian or Alaskan Native	0%	0%	0%	0%	0%
Two or more races	3%	4%	3%	2%	2%

*As reported within MPS EEO-1 Report

Worldwide New Hires by Gender and Age

	2018	2019	2020	2021	2022
Male	61%	58%	54%	48%	58%
Female	39%	42%	46%	52%%	42%
Age 18 - 25	17%	22%	23%	29%	31%
Age 26 - 35	67%	63%	64%	57%	54%
Age 36 - 45	11%	10%	7%	10%	9%
Age 45+	5%	5%	6%	4%	6%

MPS Employment Statistics by Gender
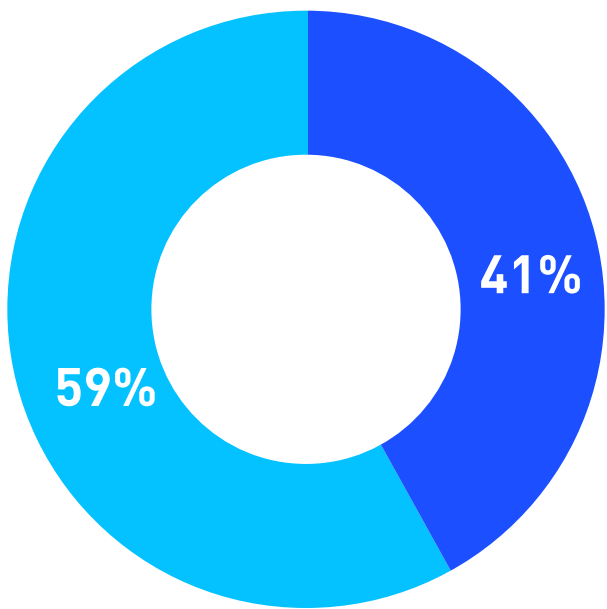
Employees at MPS — 59% / 41%
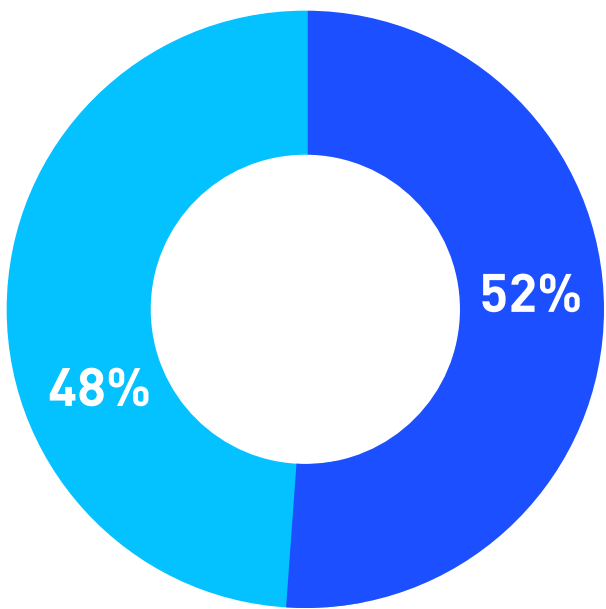
Non-technical Roles — 48% / 52%
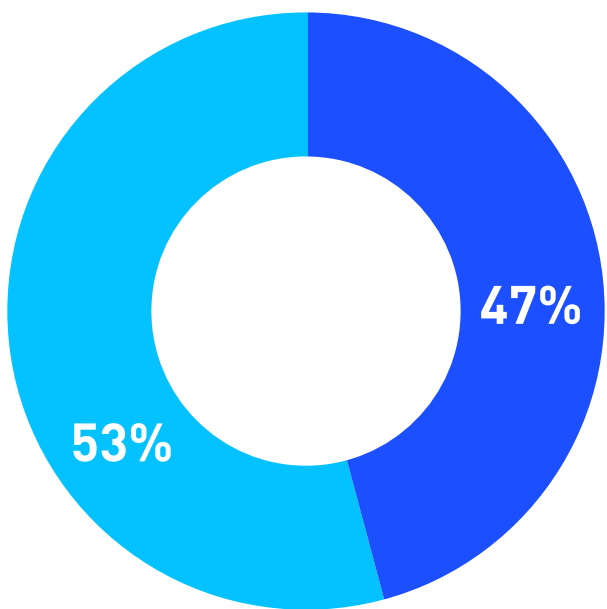
Management and Supervisors — 53% / 47%
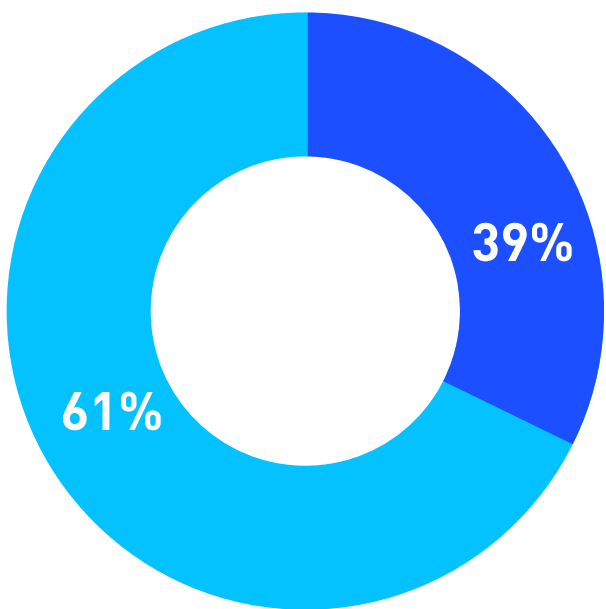
Engineers and Technicians — 61% / 39%

■ Men   ■ Women
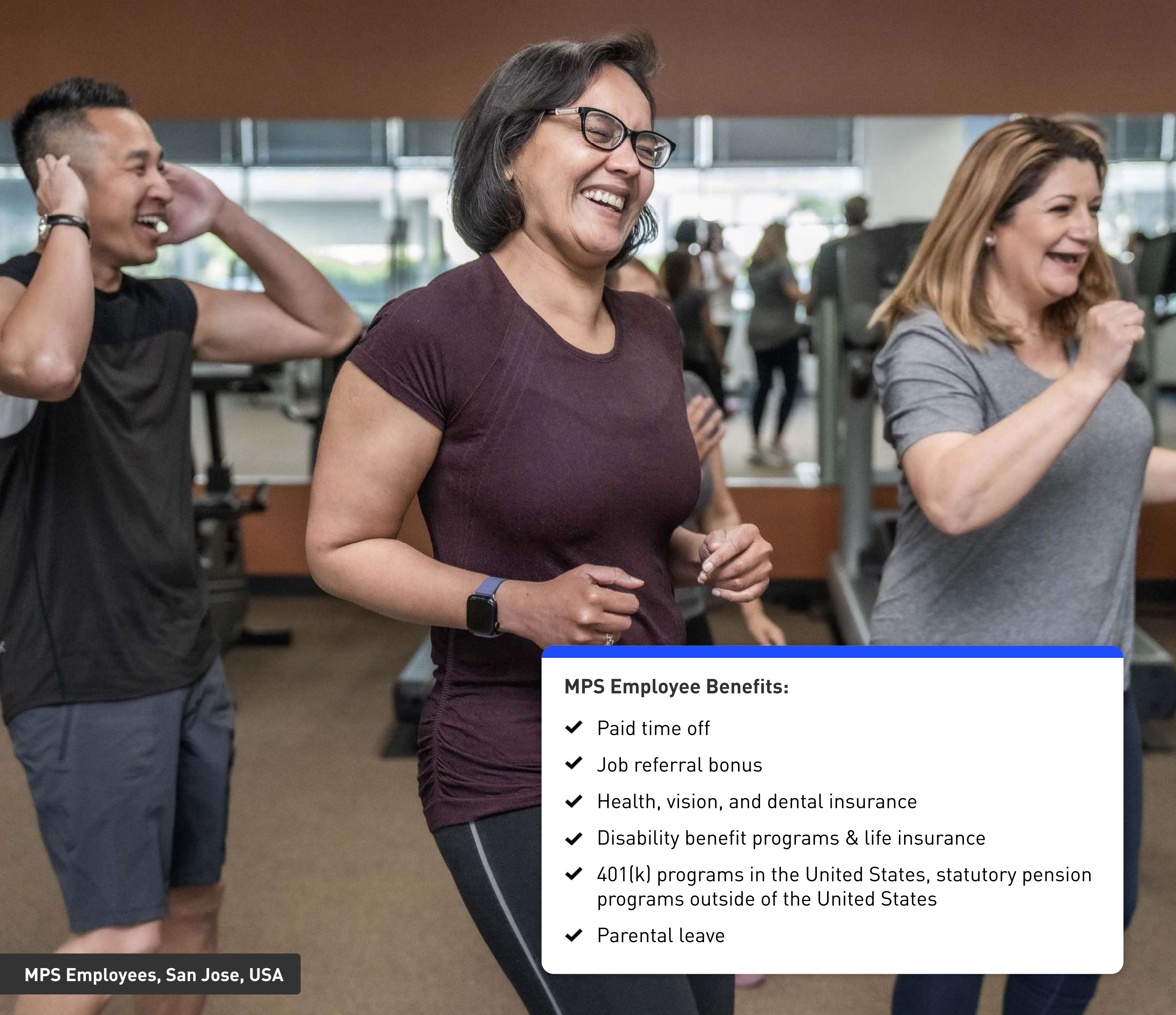
We provide competitive compensation and benefits

We have designed our compensation program to reward excellence. It includes competitive base salaries and a performance-based bonus plan. We also have a long-standing practice of granting equity incentive awards to share ownership in our company. In addition, more than a third (35%) of our eligible employees participate in our stock purchase plans. This allows us all to be invested in our shared success.

We have a comprehensive benefits package to support the well-being of our employees and their families. We offer additional regional benefits, such as social insurance benefits, pension plans and flexible spending accounts. Several of our facilities have additional amenities, such as fitness centers, sports courts and private rooms for nursing.

In 2022 we provided a hybrid office/home-work model to ease the return to the office transition from fully remote during the pandemic. MPS is planning for employees to fully return to the office in 2023.

We offer free exercise classes, strength training, and yoga, in some of our offices. We periodically offer employees access to season tickets for various sports and entertainment events. We host social events such as lunches, and special occasion desserts to encourage employee sociability.

A special incentive program encourages publishing technical papers on our products.

MPS Employee Benefits:

✔ Paid time off

✔ Job referral bonus

✔ Health, vision, and dental insurance

✔ Disability benefit programs & life insurance

✔ 401(k) programs in the United States, statutory pension programs outside of the United States

✔ Parental leave

MPS Employees, San Jose, USA

Our retention rate was 90% in 2022

Our compensation packages and our emphasis on training and internal promotions are designed to give our employees long-term career growth potential at MPS.

Our employees regularly recruit their peers and colleagues to join them here, which is the best kind of advertising for our company. More than one-third of our new hires come from internal recommendations.

Our employees expect to be able to develop interesting and rewarding careers within MPS. At the end of 2022, almost a quarter (24%) have been with the company for over 7 years, a reflection on our ability to meet their needs for career development and opportunity. Our retention rate in 2022 was 90%.

We measure job satisfaction through employee "Pulse" surveys. Our most recent survey had a 90% response rate. We asked for feedback on strength of culture, engagement, vision and direction, connection, and meaningful work. When asked if they feel valued and respected, 94% of respondents agreed.

As a standard, MPS prefers the use of regular employment and works to hire all employees as exempt or non-exempt employees. In 2022 we grew our workforce by 17%. MPS is also aware that highly specialized projects may require outside help. In these rare instances, MPS seeks out contract help (non-regular employment) from specialized talent to complete individualized projects. Worldwide Contractors account for approximately 1.2% of MPS' workforce.

MPS Engineer, Detroit, USA

We are committed to providing a healthy and safe environment

We prioritize our employees' health and safety. We have a detailed occupational health and safety management system, environmental management plan, and health and safety (EHS) management system in place. It includes our standards for chemical and hazardous waste management, rules on use of personal protective equipment, and an annual EHS training plan.

We perform annual internal audits to make sure we are following our own health and safety standards. We have a standardized incident reporting system to monitor accident rates. Our 2022 reported incident rate was 0.09%. We aspire to a zero-accident rate across our business.

Our largest testing facilities in Chengdu, China are ISO14001 and ISO45001 certified. We believe that compliance with these standards helps us prevent work-related injuries and health issues.

MPS Safety Performance

Year	Incident Rate (Global)
2018	0.06
2019	0.16
2020	0
2021	0.04
2022	0.09

OSHA incident rate formula.

We promote safety by:

- Creating and operating safe worksites;
- Providing personal protective equipment;
- Maintaining internal standards, often exceeding regulatory requirements;
- Delivering relevant safety training;
- Inspecting our equipment;
- Following safety codes in all buildings;
- Auditing our safety processes for compliance and efficacy;
- Requiring key suppliers to adopt equal safety standards; and,
- Creating and implementing detailed emergency management plans.

MPS Testing Opertive, Chengdu, China

We are establishing academic partnerships around the world

We partner with both U.S. and international universities, in support of their STEM and related programs, to further encourage students with a passion for engineering. We are building partnerships with professional and student organizations to increase diversity in engineering by sponsoring and encouraging underrepresented students in STEM fields. Through those relationships, we are establishing a scholarship program to provide further support and funding for those efforts.

For our partner universities, we also offer hands-on learning opportunities for students and faculty. Students and researchers get a taste of the work we do by building and testing real-world, functional analog design circuits. In the classroom, our engineers share their knowledge of and passion for engineering with students and faculty. We offer input and mentorship to help prepare students for a career in engineering. We also offer internships, research funding and engineering syllabus development.

We run an innovation program for college students that provides them the opportunity to turn their ideas or designs into products. In addition, our engineering teams provide technical support to funded projects and programs.

We sponsor university-based programs, such as Germany's Formula Student Racing teams and various robotics teams.
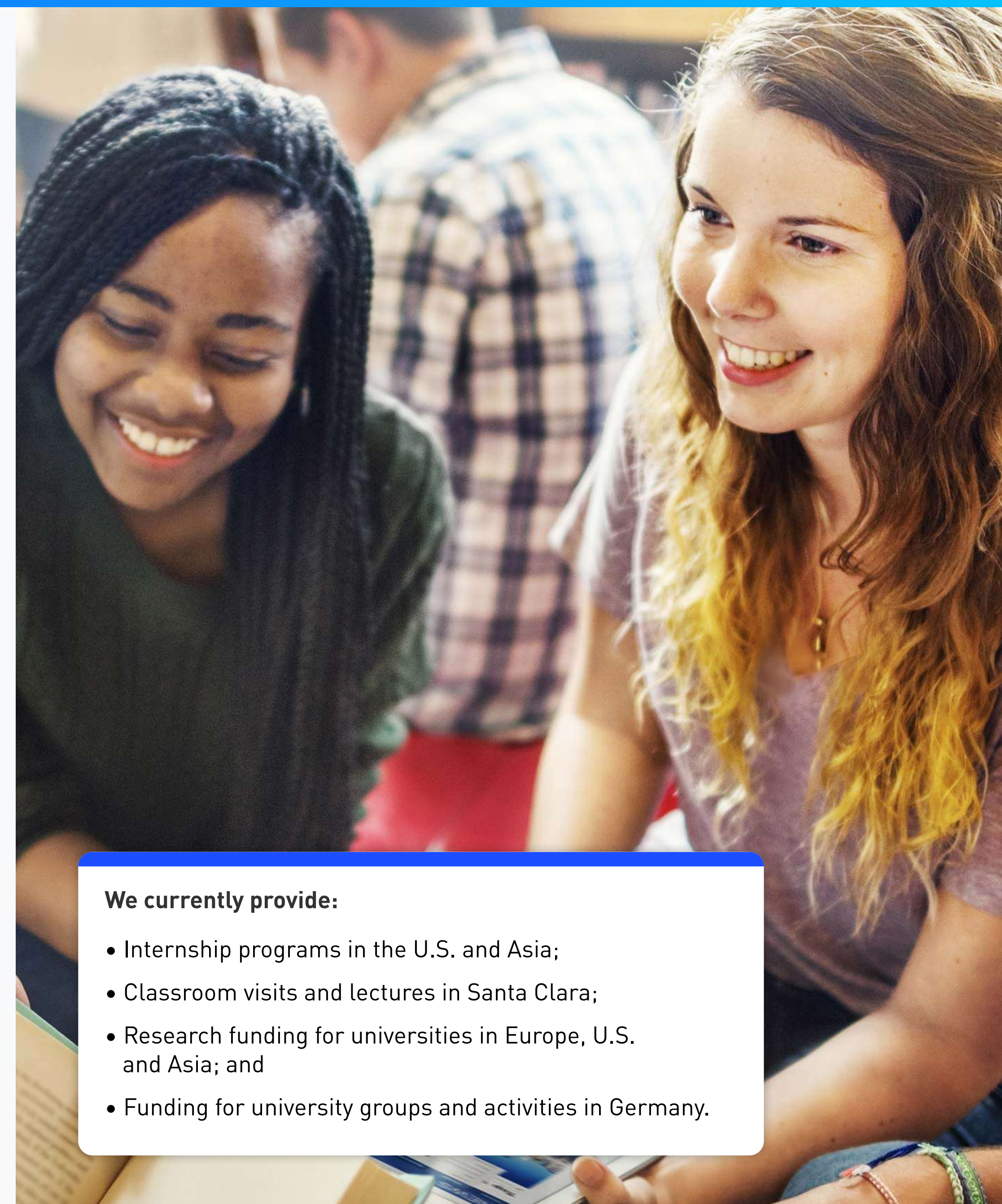
We currently provide:

- Internship programs in the U.S. and Asia;
- Classroom visits and lectures in Santa Clara;
- Research funding for universities in Europe, U.S. and Asia; and
- Funding for university groups and activities in Germany.

ESG Report
May 2023

Giving Back

We founded the MPS Foundation in 2020 and have funded it generously to support organizations focused on education, healthcare, arts, social welfare, youth programs, and life-improving research and development.

The Foundation is committed to establishing relationships with organizations that will carry out its mission through their work. We are looking for opportunities to expand our support of education and empowerment of underrepresented groups in STEM. We support research in medical technology advancement and improved healthcare. We donate to keep the music playing at our local symphony and continue to look for ways to support the arts. We are eager to make meaningful contributions and to work closely with our community partners to make their work and our support as impactful as possible.

In 2022, MPS donated $5.6 million to the Foundation. Some of the organizations that have benefited from donations from the Foundation include Cornell University, Washington STEM, Virginia Mason Medical Center, Healthier Kids Foundation, Second Harvest and The Seattle Symphony.
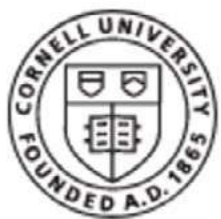
SOCIAL

Supply Chain
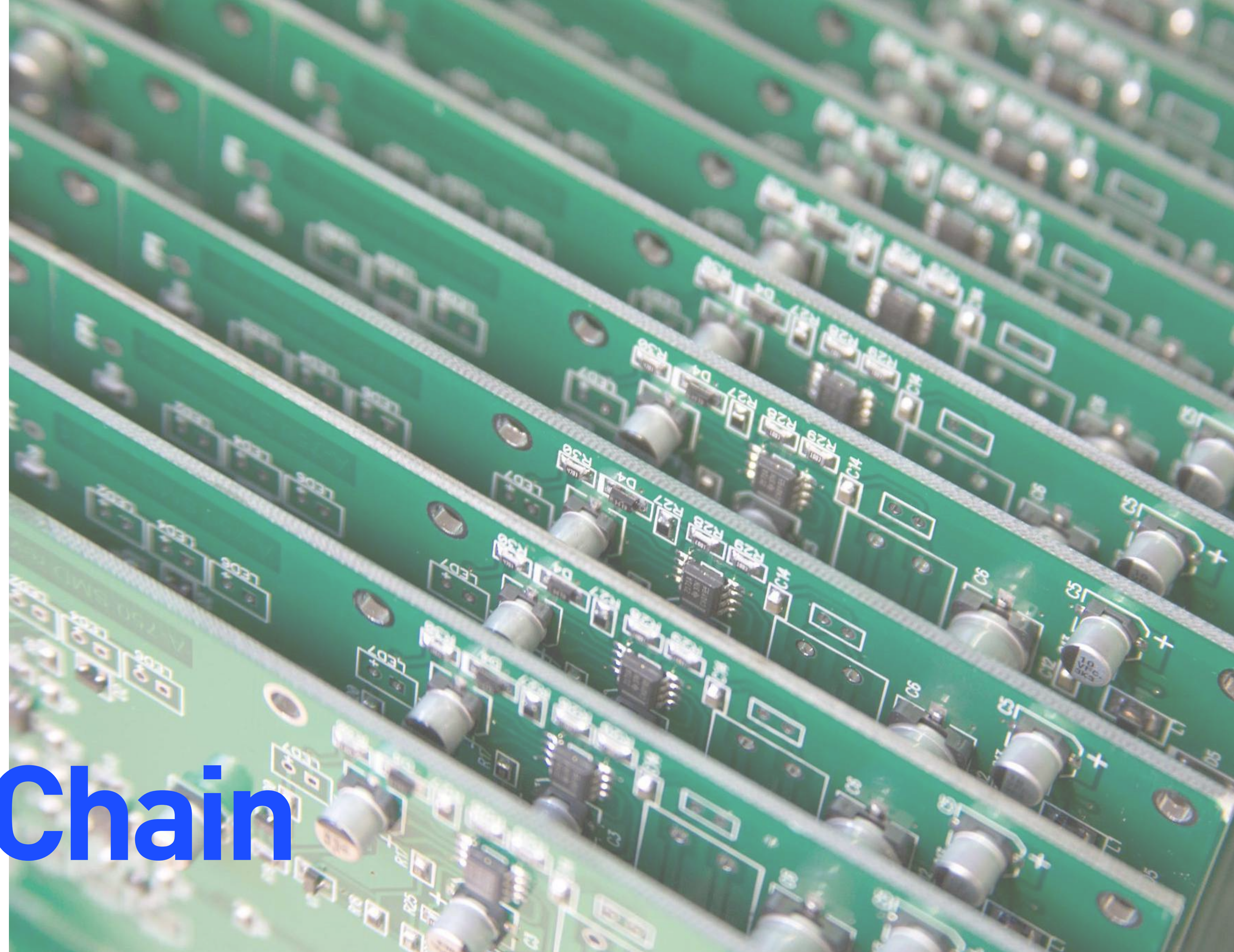
We expect and ensure ethical supply chain conduct

We expect our suppliers to act with integrity and treat the people they employ fairly and with dignity. We explain these requirements, and what they entail, in our Supplier Code of Conduct Code. We require our key manufacturing suppliers to sign and abide by our Supplier Code of Conduct.

We are members of the Responsible Business Alliance, which has helped us manage our supply chain. Its mission is to ensure that working conditions in the electronics industry and its supply chains are safe. Our Supplier Code of Conduct is based on RBA standards. We take part in annual RBA audits of our own practices, and consistently perform well in those audits. The RBA also periodically audits our suppliers to confirm that they have read and are abiding by these policies.

Our Quality Assurance group also audits our key manufacturing suppliers' facilities, to ensure that their social responsibility practices and environmental systems comply with international best practices ISO9001*, 14001, 45001, and IATF6949*.

Our Supplier Code of Conduct, our audits and the written certifications from our key manufacturing suppliers make up a compliance framework. That framework ensures that our supply chain reflects our priorities and values of protecting human rights and the environment.

List of relevant MPS policies:

Code of Social Responsibility

Code of Ethics and Business Conduct

Supplier Code of Conduct

RBA Code of Conduct

Conflict Minerals Policy

SEC Conflict Mineral reporting

ISO9001* This standard outlines number of best-practice management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement.

IATF16949* Quality management system which provides for continual improvement, emphasizing defect prevention and the reduction of variation and waste in the automotive industry supply chain and assembly process.

ESG Report
May 2023
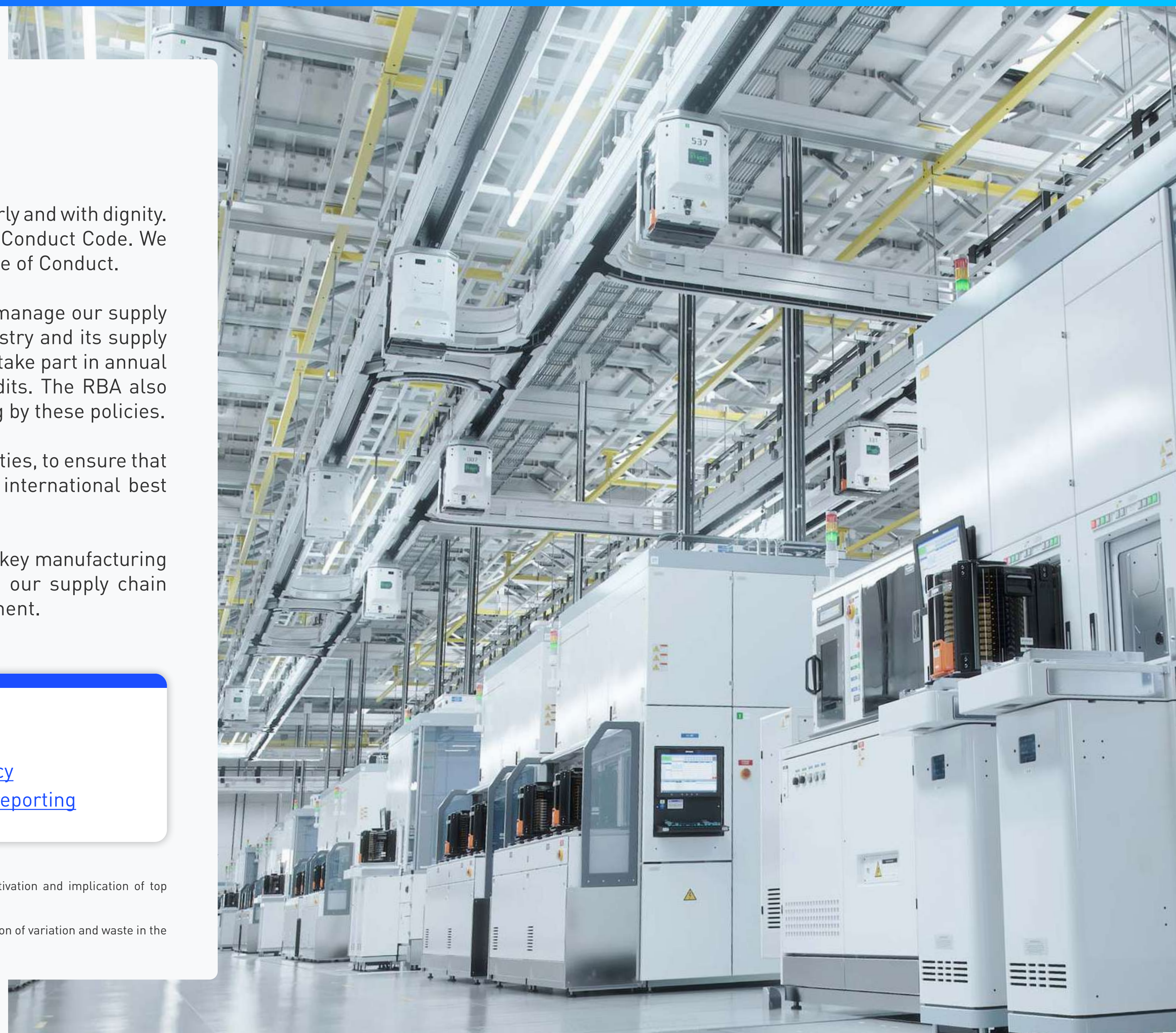
We do not compromise on our commitment to human rights

Our standards for ethical labor in our supply chains also extend to our own business practices. We support the United Nation's Universal Declaration of Human Rights, which serves as a global standard for protecting fundamental human rights, including those pertaining to labor.

Our Code of Social Responsibility lays out our own standards on ethical labor. It is based on the United Nation's Universal Declaration of Human Rights, the RBA's Code of Conduct and labor standards provided by the International Labor Organization. We require employees and key manufacturing suppliers to acknowledge and abide by it. We do so to ensure that our workers are treated with respect and dignity, and that business operations are conducted ethically.

Our employees who are working directly with our key manufacturing suppliers are required to complete an RBA introductory training course during their onboarding. They also must complete annual refreshers on modern slavery and forced labor to ensure that they stay up-to-date with the latest requirements.

We condemn the use of forced, slave, or child labor in any form. We will not conduct business with any organizations found to have violated these human rights protections. We are committed to preserving and promoting the fundamental rights of others.

Our conflict minerals policy is based on best practices

Our Conflict Minerals Policy lays out our strategy to ensure that the minerals that are used in our product do not knowingly contribute to human conflict.

As a fabless company in the semiconductor business, we do not manufacture our products or engage in the actual mining of conflict minerals. In addition, we do not make purchases of raw ore or unrefined conflict minerals. In the course of business operations, however, we contract with third parties, and those manufacturers may source conflicts minerals to manufacture our products.

Because MPS does not fabricate products, our manufacturing partners represent the possible link to conflict minerals within our supply chain. As a result, we rely on suppliers to provide information regarding the origin of any conflict minerals in their products, and to ensure that all conflict minerals sourced for our products are conformant under the Responsible Minerals Initiative (RMI) standards.

We have due diligence programs for conflict minerals, including 3TG (tungsten, tantalum, tin, and gold) plus cobalt. Our programs conform to the OECD Due Diligence Guidance for Responsible Supply Chain from Conflict-Affected and High-Risk Areas and the RBA's Code of Conduct and the RMI standards. We expect our suppliers to adhere to these same requirements.

We also monitor additional legal requirements, including Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains and the EU Conflict Minerals Regulations, to determine any future requirements for conflict materials and high-risk regions of the world.

We publish our conflict mineral due diligence analysis and our annual SEC Conflict Minerals Reports. We inform our customers if any of our suppliers are out of compliance and our due diligence measures are made available to our customers upon request.
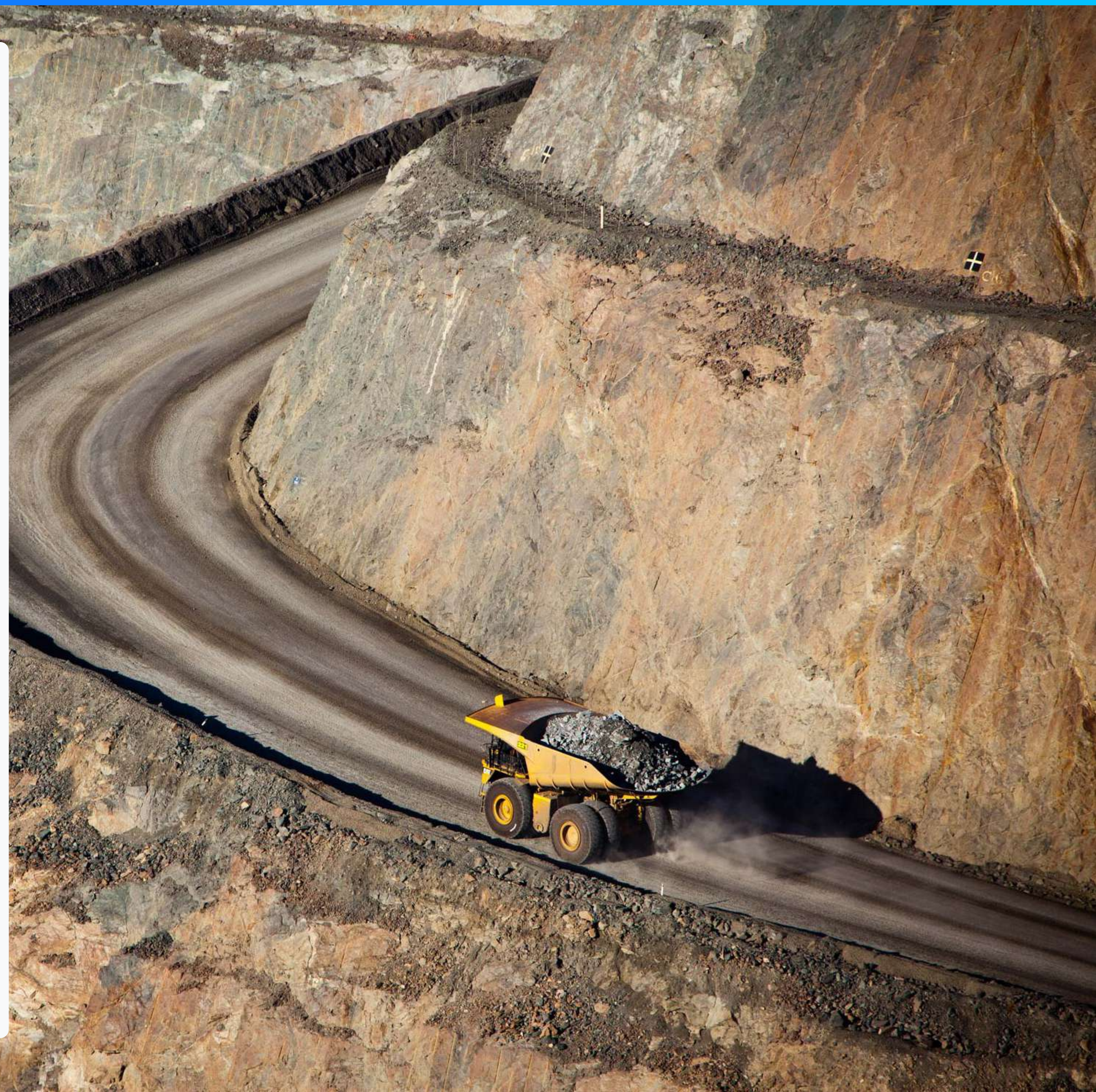
We actively verify our supply chain smelters are 100% conformant

We outsource our material sourcing and manufacturing to foundry, bumping, and assembly subcontractors. This means that we do not directly purchase materials for manufacturing.

We only use materials from smelters that have a conflict-free, conformant designation from the Responsible Minerals Assurance Process (RMAP), an independent third-party assessment process developed by the RMI and other industry experts. We expect our suppliers to source materials from smelters that participate in RMAP.

We confirm our progress by requiring all key manufacturing suppliers perform due diligence and provide Conflict Minerals Reporting Template (CMRT), Cobalt Reporting Template (CRT), and Extended Mineral Reporting Template (EMRT) reports. We audit the chain of custody down to the smelter to verify what is reported to us. If a smelter changes its operations or refuses to participate in an audit, we take immediate corrective actions to ensure that 100% of all minerals used in our products come from RMI conformant smelters.

We are audited periodically by the RBA via their onsite RBA Validated Assessment Program (VAP). VAP assesses labor, health and safety, environmental, and ethical practices in the supply chain. RBA Approved Auditors are assigned, and they follow RBA developed audit processes and protocols.

In 2022, we had 119 smelters in our supply chain, 100% of which were recognized as RMI conformant. RMI defines conformant smelters using multiple factors, including whether a smelter is in a region defined as being in a "Conflict-Affected" or "High-Risk" area. Though we source material from four smelters that are located in such areas, all are conformant according to RMI's definition.

We operate under sound principles of corporate governance

Good corporate governance is important for our long-term success and ensures that we achieve our sustainability priorities while managing business operations and risks. It is designed to establish independent and effective Board oversight and management accountability. Our Board is responsible for overseeing our ESG program and the resources it will require. It balances these priorities with our global business and risk management strategy.

Our Chief Executive Officer, Michael Hsing, is our Chairman. To ensure our Board operates with sufficient independence from the executive management, one of the other directors is designated every year as the Lead Independent Director. Our Board consists of eight members with diverse ethnic backgrounds, business skills, and industry experience. We appointed two female directors in the last two years.

For new director nominees, the Board will consider whether a prospective nominee will foster a diversity of gender, race, backgrounds, skills, perspectives and experiences. In 2022, the Nominating and Governance Committee amended its charter to ensure women and minority candidates are included in the initial pool of director nominees.

Our corporate governance policies:

Audit Committee Charter	Whistleblower Policy
Compensation Committee Charter	Supplier Code of Conduct
Code of Social Responsibility	Committees' Members
Code of Ethics and Business Conduct	MPS Executive team
Anti-Bribery and Anti-Corruption Policy	Board of directors
Nominating and Governance Committee Charter	Bylaws

Ethnicity

13%
50%
37%

Asian   White   Hispanic

Gender

25%
75%

Male   Female

As of April 2023

Executive Leadership

Cybersecurity

Innovations & Technologies

Human Capital Management

Our Board Expertise

Corporate Governance

Global Business Operations

Risk Management

Finance and Accounting
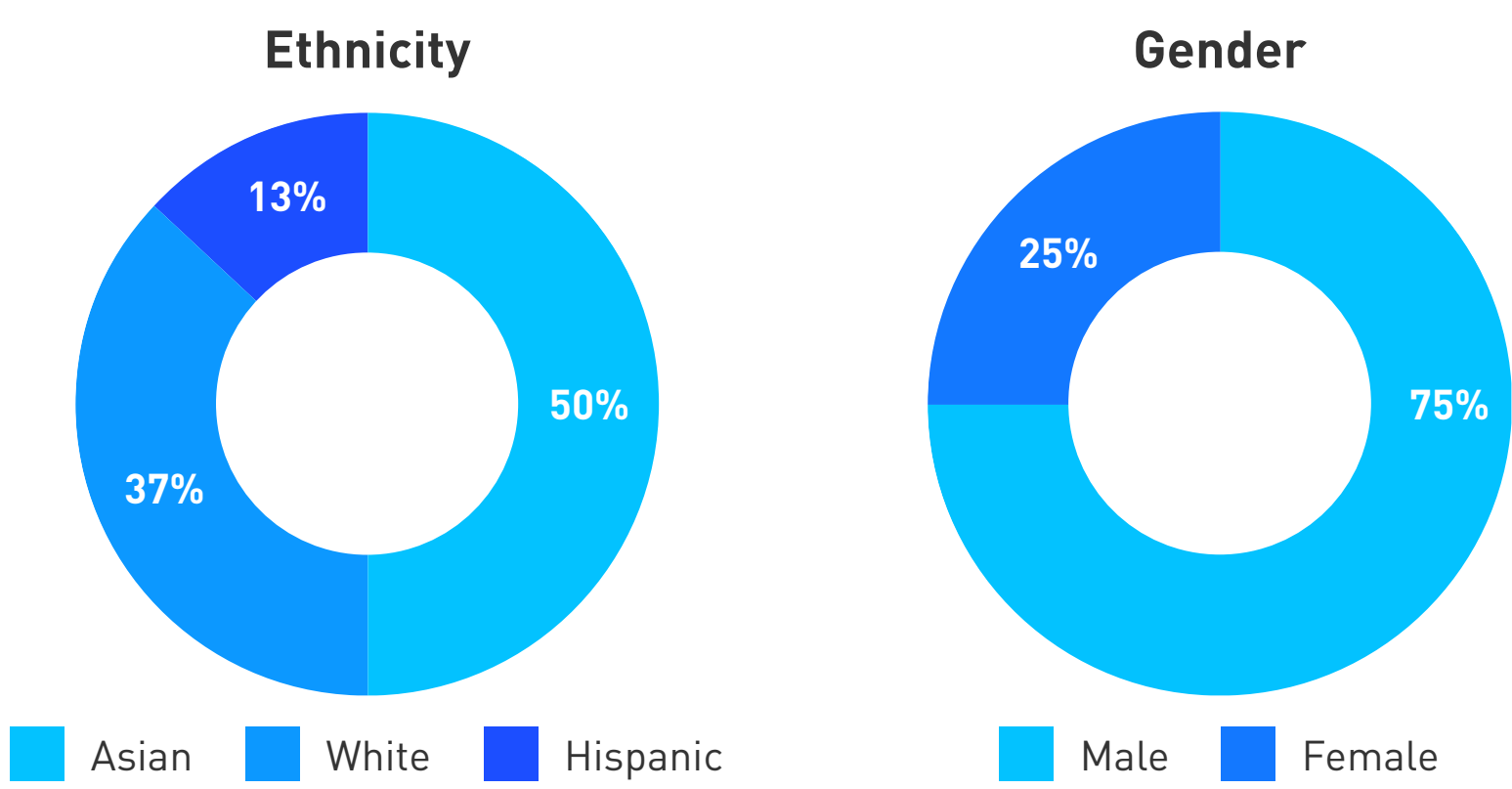
We protect the rights and interests of our stockholders

Our corporate governance guidelines provide the framework to ensure the rights and long-term interests of stockholders are protected and served.

Stockholders' rights:

• We have a single-class share structure;

• Each stockholder is entitled to one vote per share;

• Our bylaws provide proxy access to our stockholders;

• Stockholders have the right to vote on executive compensation annually;

• Director nominees are required to tender resignation to the Board for consideration if they do not receive a majority vote; and,

• We do not have a poison pill provision.

MPS Employees, Chengdu, China

We are managing the progress towards our ESG goals

The management and oversight of our ESG strategy is integrated into our corporate structure, to ensure we provide the needed resources and foster accountability.

We allocated resources to build a new ESG team that is responsible for developing, driving and delivering our strategy. It will track data, engage with third party advisors and auditors and report to management on progress made against our goals.

The ESG Steering Committee manages our progress towards current goals and all related plans.

Our Board has the ultimate responsibility for ensuring we meet our goals. Individual committees oversee how progress is measured and rewarded. The Board also reviews proposed ESG initiatives and makes decisions on suitable resources allocation.

The ESG Steering Committee provides regular updates on progress and initiatives.

Board of Directors

- Has ultimate responsibility for the oversight of our ESG program.

- Delegates oversight reponsibilities to the committees.

- Each quarter, the Board (and Committees) review ESG performance against our goals and long-term strategy.

Board Committee

Nominating and Governance Committee oversees our overall ESG strategy, performance and risks assessments.

Compensation Committee establishes executive accountability through compensation plans, and oversees human capital management.

Audit Committee oversees cybersecurity and ESG reporting.

Steering Committee

- Consists of executives and cross-departmental teams.

- Responsible for day-to-day management of ESG activities, including the development and implementation of initiatives and policies, communications with stakeholders, and monitoring of regulatory developments.

We encourage ethical employee and supplier behavior

To make our expectations clear, we have established our Code of Ethics and Business Conduct (Code of Ethics) in alignment with the RBA's Code of Conduct. It describes our expectations for professional behavior and following it is a condition of employment with us.

We train all new employees on the Code of Ethics in new hire orientations and provide further training through our online training platform. We also offer targeted training for our new sales team members on ethical business conduct with customers. Every quarter the sales team is required to certify that they understand and abide by these rules.

Our Human Resources department reiterates annually to all employees the importance of ethical conduct and remaining compliant with the Code of Ethics. In addition, we audit our employees to test their awareness and knowledge of the Code of Ethics, and the multiple channels through which they can report any concerns.

Our Code of Social Responsibility describes our policies related to human rights, safe working conditions, fairness and dignity of our employees, and environmentally responsible operations.

We explicitly prohibit our directors, officers, employees and anyone acting on our behalf from engaging in illegal corruption and bribery, as described in our Anti-Bribery and Anti-Corruption Policy.

We expect our key manufacturing suppliers to comply with our ethical business standards. Each year, they are required to review and acknowledge our Supplier Code of Conduct.

All MPS employees are required to:

✓ **READ** and understand our Code and other policies;

✓ **USE** sound business judgment and act with integrity in their role and business relationships;

✓ **SPEAK UP** to report any concerns or violations;

✓ **ASK FOR HELP** and seek guidance from their managers; and,

✓ **KNOW** that MPS will protect whistleblowers.

MPS Employees, San Jose, USA

We protect employees who voice concerns

We aim to foster a strong workplace culture where each employee acts ethically and can voice concerns confidentially and anonymously. We strictly prohibit any discrimination, retaliation, or harassment against any person who reports conduct in violation of our legal duties or policies, based on the person's reasonable belief that such misconduct occurred. Anyone reporting concerns under the whistleblower procedures has a legal right to raise those matters without fear of harassment, discrimination, or retaliation.

Our Whistleblower Hotline is available in different languages and is hosted by an external firm not associated with MPS.

We take all concerns and allegations seriously. We address them promptly, investigate to the extent necessary and take disciplinary actions as appropriate. Our Audit Committee Chair and Chief Compliance Officer receive information on every allegation submitted via our Hotline, as well as reports and updates on investigations in progress or completed.

In 2022, we received no report of concern from our Hotline.
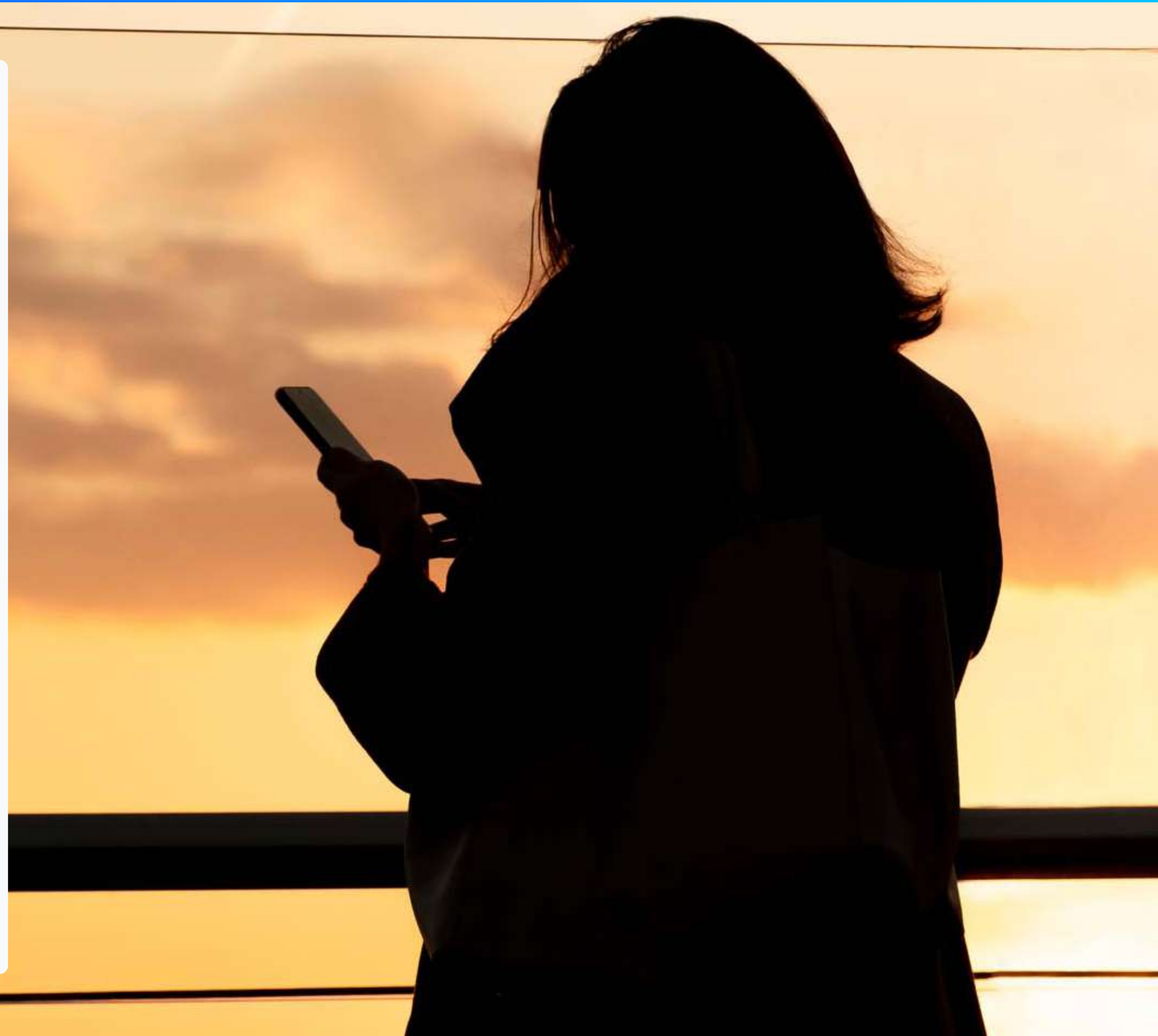
How to report concerns:

reports@lighthouse-service.com

800-398-1496 (US and Canada)
400-120-9050 (China)
800-603-2869 (All other countries)

lighthouse-service.com/monolithicpower

We have strong cybersecurity programs

We have cybersecurity safeguards in place to protect our information technology networks and infrastructure from unauthorized access or attacks.

We have a dedicated IT team who are responsible for managing and protecting our network, its use and infrastructure. The team identifies potential threats and develops key policies for preventing or mitigating them. These policies are updated regularly and relevant ones are communicated to employees. The team also ensures our system stays compliant with applicable laws and regulations.

Employee awareness is a key part of our strategy. The IT team keeps our employees informed about potential information security risks. New employees receive IT security training in orientation sessions. We also maintain an insurance policy that provides certain coverage for data-related losses.

We also maintains a disaster recovery and business continuity plan that identifies key personnel in case of emergency. It includes off-site data back-up locations and specifies strategies, depending on the triggering event and whether it includes loss of access to power or offices.

Our Audit Committee oversees our cybersecurity risk program. It receives quarterly reports from our executive team and senior IT management on potential major risk exposures. It assesses the potential impact on our business operations and the management strategy for risk mitigation. The Audit Committee

also provides updates of their oversight and findings to the Board.

Our strategy is based on leading industry cybersecurity frameworks, including ISO 27001, and standards from the National Institute of Standards and Technology (NIST).

We do not believe we have experienced any material information security breaches and have not incurred significant operating expenses related to information security breaches.

We have established an internal global IT policy handbook and security management control procedures designed to:

- Create information security awareness and define responsibilities among our employees and business partners;
- Implement controls to identify IT risks and monitor the use of our systems and information resources;
- Establish key policies and processes to adequately and promptly respond to security threats;
- Maintain disaster recovery and business continuity plans; and,
- Ensure compliance with applicable laws and regulations.

We follow international best practices for protecting data privacy

We have internal data privacy policies in place designed to prevent personal information of our employees and anyone doing business with us from inappropriate use and unauthorized access. On a regular basis, our employees receive trainings on data privacy to prevent any misuse of personal information.

In 2022, to better understand our potential data privacy risks, we completed a full-gap analysis of our current system with a third-party data privacy consulting firm, using benchmark standards in compliance with NIST and Center for Internet Security.

We also keep current on global data privacy legislation and update our policies to reflect them. We are developing a data privacy policies, which will follow global standards, including the EU's General Data Protection Regulation principles and the California Consumer Privacy Act of 2018.

Our data privacy policy will be designed to address key areas of concern, including personal information collection, cookies and specific privacy safeguards for children. We also have several internal and corporate data privacy policies, including one to safeguard employee privacy.

We keep our stakeholders engaged in our ESG journey

The priorities of our many stakeholders continue to evolve with the changing social and environmental landscape. Active engagement helps us to better understand their expectations and develop initiatives that support these interests. We believe these collaborative engagements help strengthen our stakeholder relationships and our ESG program.

- Submit annual disclosures to CDP for our environmental initiatives.
- Member of the RBA and follow their Code of Conduct.
- Participate in annual Validated Assessment Program audits of MPS by RBA.
- ESG reporting disclosure requirements in alignment the SASB and TCFD.

- Conduct year-round meetings with stockholders providing updates including on ESG.
- Solicit feedback on our executive compensation program and ESG matters.

- Our Supplier Code of Conduct aligns with RBA's supply chain code.
- Engage with our suppliers on responsible minerals sourcing.

External ESG Agencies

Customers

Investors / Stockholders

Employees

Suppliers

Communities

- Work with our customers to design and deliver greener innovative solutions.
- Dialogue with our customers to support their sustainability priorities.
- Share sustainability progress through our annual CDP disclosures.

- Established a code of conduct for professional relationships.
- Encourage feedback from employees via frequent pulse surveys.
- Established diversity policies to encourage respect and belonging.
- Provide a new career development training platform.

The MPS Foundation supports a range of non-profit organizations within our communities.

Appendices

GHG emissions verification statement 2021

GREENHOUSE GAS VERIFICATION REPORT

Project number: 4790788531
Issue Date: 03/31/2023

UL has verified, to a limited level of assurance, the GHG statement of

MONOLITHIC POWER SYSTEMS, INC.

for January 1st, 2021, to December 31st, 2021 in accordance with ISO 14064 Part 3: 2019. Monolithic Power Systems, Inc.'s organizational GHG Statement has been verified to meet the requirements of ISO 14064 Part 1: 2018 and that there is no evidence that the GHG statement:

- Is not materially correct and is not a fair representation of GHG data and information.

- Has not been prepared in accordance with ISO 14064-1: 2018

January 1st, 2021, to December 31st, 2021

- Direct emissions: 1,609.0 tCO_2e

- Energy indirect emissions (Location-based): 16,927.7 tCO_2e

- Energy indirect emissions (Market-based): 16,966.6 tCO_2e

UL performs Greenhouse Gas (GHG) Verification in accordance with ISO 14064 Part 3: 2019. Greenhouse Gases: Specification with guidance for the verification and validation of greenhouse gas statements.

UL applies a risk-based approach to GHG Verification that incorporates an investigation of the inherent and control risks associated with GHG reporting

UL's verification approach includes but is not limited to the collection and analysis of:

- Qualitative data through the engagement of management.

- Quantitative data through receipt of data files from information management systems.

- Supporting evidence for all data.

AW

Adrian Wain
Lead Verifier

UL Verification Services Inc.
2211 Newmarket Parkway, Suite 106
Marietta, GA 30067 USA

UL VERIFIED
GREENHOUSE GAS
STATEMENT TO ISO 14064-1
HISTORICAL INFORMATION
UL.COM/GHG

GHG emissions verification statement 2022

GREENHOUSE GAS VERIFICATION REPORT

Project number: 4790810891
Issue Date: 04/21/2023

UL has verified, to a limited level of assurance, the GHG statement of

MONOLITHIC POWER SYSTEMS, INC.

for January 1st, 2022, to December 31st, 2022 in accordance with ISO 14064 Part 3: 2019. Monolithic Power Systems, Inc.'s organizational GHG Statement has been verified to meet the requirements of ISO 14064 Part 1: 2018 and that there is no evidence that the GHG statement:

- Is not materially correct and is not a fair representation of GHG data and information.

- Has not been prepared in accordance with ISO 14064-1: 2018

January 1st, 2022, to December 31st, 2022

- Direct emissions: 3,835 tCO_2e

- Energy indirect emissions (Location-based): 25,698 tCO_2e

- Energy indirect emissions (Market-based): 25,567 tCO_2e

UL performs Greenhouse Gas (GHG) Verification in accordance with ISO 14064 Part 3: 2019. Greenhouse Gases: Specification with guidance for the verification and validation of greenhouse gas statements.

UL applies a risk-based approach to GHG Verification that incorporates an investigation of the inherent and control risks associated with GHG reporting

UL's verification approach includes but is not limited to the collection and analysis of:

- Qualitative data through the engagement of management.

- Quantitative data through receipt of data files from information management systems.

- Supporting evidence for all data.

AW

Adrian Wain
Lead Verifier

UL Verification Services Inc.
2211 Newmarket Parkway, Suite 106
Marietta, GA 30067 USA

UL VERIFIED
GREENHOUSE GAS
STATEMENT TO ISO 14064-1
HISTORICAL INFORMATION
UL.COM/GHG